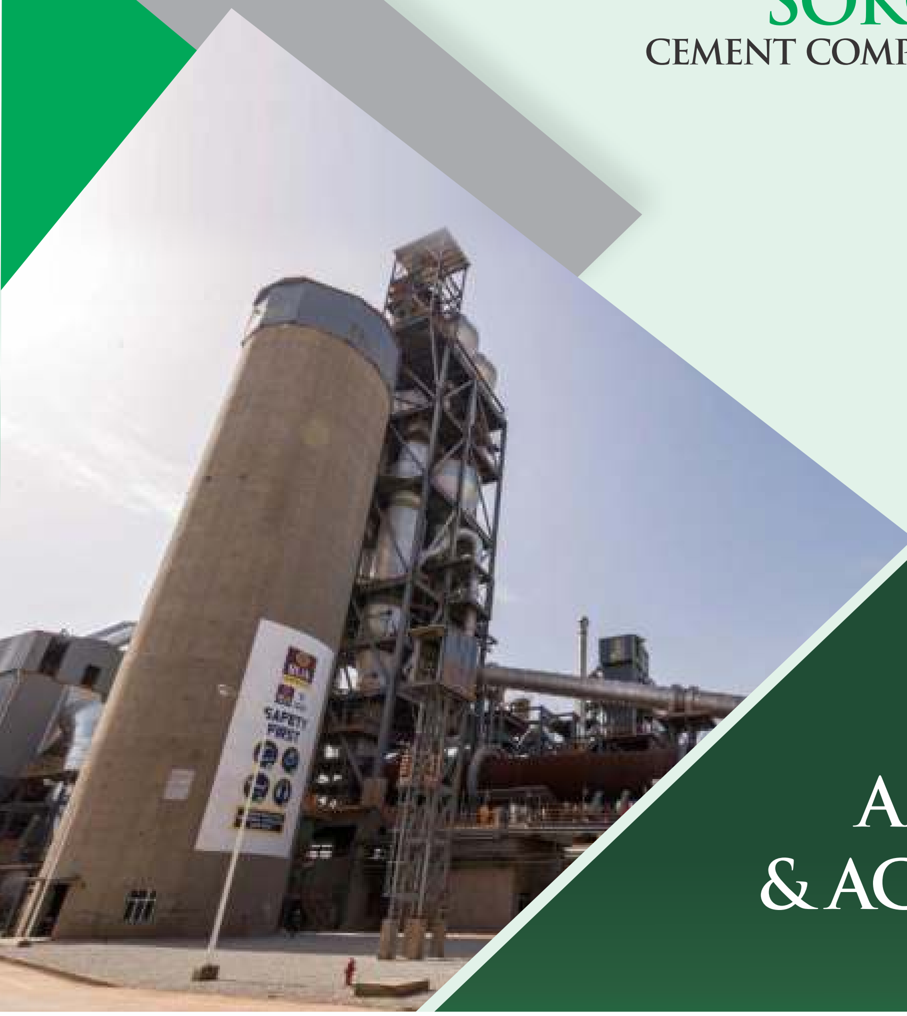
SOKOTO CEMENT

CEMENT COMPANY OF NORTHERN NIGERIA PLC

RC 3111



ANNUAL REPORT & ACCOUNTS 2018

Mission Statement

To Produce and Market High Quality Cement for National Development.

Vision Statement

To be a Highly Competitive Market Leader in the North-Western Region of Nigeria.

MAKERS OF SOKOTO CEMENT

TABLE OF CONTENT

Notice of 40th Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of Cement Company of Northern Nigeria Plc will be held on **Thursday**, **July 25, 2019** in Lagos/Osun Hall, Transcorp Hilton, No. 1 Aguiyi Ironsi Street, Maitama, Abuja 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, 2018 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 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 approve the remuneration of the Directors.

BY ORDER OF THE BOARD

AHMED ALIYU, Esq.

Company Secretary/Legal Adviser
Dated this **23rd day of April, 2019**

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, July 2, 2019 to Monday, July 8, 2019** (both dates inclusive) for updating the register.

(iii) Dividend Payment

If the dividend payment of 40 Kobo per share proposed by the Directors is approved, dividend warrants or e-payment will be paid on **Friday, July 26, 2019** to the shareholders whose names appear in the register of members by close of business on **Monday, July 1, 2019.**

(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 (21days) before the meeting. According to a 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 23, 2019.**

CORPORATE INFORMATION

BOARD OF DIRECTORS:	Alhaji Abdulsamad Rabiu, CON	Chairman
	Mr. Ibrahim Aminu	Managing Director (Resigned w.e.f Aug 31, 2018)
	Engr. Yusuf Haliru Binji	Managing Director (Appointed w.e.f. Sept, 1 2018)
	Mr. Chimaobi K. Madukwe	Director
	Alhaji Kabiru Rabiu	Director
	Hajia Aishatu Umaru Gwandu,mni	Director (Resigned w.e.f. March 31, 2018)
	Engr. Muhammad Umar Zauro	Director (Resigned w.e.f. March 31, 2018)
	Mr. Finn Arnoldsen	Director
	Abubakar Magaji Esq.	Director
	Alhaji Abbas Ahmad Gandi	Director (Appointed w.e.f. July 12, 2018)
	Senator Khairat Abdulrazaq-Gwadade	Independent Dir. (Appointed w.e.f. July12, 2018)
	Shehu Abubakar	Independent Dir. (Appointed w.e.f. July 12, 2018)
PRINCIPAL OFFICERS:	Engr. Yusuf Haliru Binji	Managing Director/CEO
	Mr. Anthony Izuagie	Director, Finance
	Usman Gatawa	Assistant Director, Finance
	Engr. Aminu A. Bashar	Plant Director
	Mr. Ahmed Aliyu Esq.	Director, Company Secretary
	Mr. Yusuf Abdul-Ganiyu	Asst. Director, Sales & Marketing
	Mr. Mohd Altine Wali	Asst. Director, Human Resources
	Almustapha Mohammed	Director, Procurement & Inventory
	Engr. Mohammed S. Yusuf	Asst. Director, Maintenance
	Engr. Alex Ijiga	Assistant Director, Power project
	Mr. Mohd Sada Sulaiman	Asst. Director Admin. & Corporate Services
	Mr. Sanusi Abdullah	Ag. Head, 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: 0802-501-1298 (+234)
Email-ahmed.aliyu@sokotocement.com

PRINCIPAL BANKERS:
Skye Bank Plc (Now Polaris Bank Limited)
Guaranty Trust Bank Plc
Zenith Bank Plc
First Bank of Nigeria Limited
Union Bank of Nigeria Plc
Diamond Bank Plc
Bank of Industry
Fidelity Bank Plc.

CORPORATE INFORMATION (CONT'D.)

INDEPENDENT AUDITORS:
Gbenga Badejo & Co.
(Chartered Accountants),
24, Ladipo Oluwole Street,
Off Adeniyi Jones Avenue, Ikeja, Lagos.
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 Plc.
(Registrars)
220B Ikorodu Road,
Palmgrove, Lagos.
01-4612376, 01-8752604 (+234)

DIRECTORS' PROFILE

Alhaji (Dr.) Abdul Samad Rabiu, CON, Nigerian, was born in August 4, 1960. He 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 that 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 Abdul Samad 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 renamed BUA Ports & Terminals Limited and Lafiagi Sugar Company in Kwara State.

Alhaji (Dr.) Abdul Samad Rabiu, CON.
(CHAIRMAN)

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, in 2009 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. Alhaji Abdul Samad Rabiu served as the Chairman of the Bank of Industry and 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.

Yusuf Haliru Binji, Nigerian, was born in March 23, 1968. He obtained his B.Eng. Degree in Chemical Engineering from Ahmadu Bello University, Zaria, in 1990 and M.Sc. in Chemical Process Engineering from the University College, University of London in 1993. He is a Fellow of the Nigerian Society of Engineers, Fellow Nigerian Society of Chemical Engineers, Fellow Solar Energy Society of Nigeria, Associate member Institution of Chemical Engineers UK and a Registered Engineer with COREN.

He started his working career at Nigeria LNG Limited, Lagos where he served under the NYSC scheme. He has over 27 years working experience in various organizations including; Cement Company of Northern Nigeria, Heidelberg Cement, BUA International Limited, Obu Cement Company Limited, among others. Engr Binji joined Cement Company of Northern Nigeria PLC, in July, 1991 as Management trainee and rose to become Executive Director-Technical. He left the Company to join BUA Group as Executive Director Technical/Cement Projects and was later appointed the Managing Director of Obu Cement Company Limited, Okpella, Edo State. He was appointed as the Managing Director/CEO of CCNN PLC, on September 1, 2018.

Engineer Yusuf Haliru Binji
(MANAGING DIRECTOR/CEO)

Yusuf Binji has attended many courses in various institutions and Countries including INSEAD in France & IMD in Switzerland.

DIRECTORS' PROFILE (CONT'D)

Mr. Kenneth Chimaobi Madukwe
(NON-EXECUTIVE DIRECTOR)

Chimaobi Madukwe, a Nigerian was born in May 19, 1961. He 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
(NON-EXECUTIVE DIRECTOR)

Kabiru Isyaku Rabiu, Nigerian, was born in November 28, 1980. He 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 sits on the Board of numerous companies including BUA Sugar Refinery Limited, Lafiagi Sugar Company Limited, Edo Cement Company Limited among others.

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 the Board of CCNN PLC on February 16, 2010 to represent Damnaz Cement Company Limited (a subsidiary of BUA Group).

Mr. Finn Arnoldsen
(NON-EXECUTIVE DIRECTOR)

Finn Arnoldsen, Norwegian, was born in September 3, 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 Group Chief Operating Officer (Cement) of BUA group. He was appointed as a Director on the Board of Cement Company of Northern Nigeria PLC in May 22, 2014 to represent Damnaz Cement Company Limited (a subsidiary of BUA Group).

DIRECTORS' PROFILE (CONT'D)

Alhaji Abubakar Magaji
(NON-EXECUTIVE DIRECTOR)

Abubakar Magaji Esq., Nigerian, was born in October 1, 1951. He holds a Bachelor of Laws 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 and is a member of the Nigerian Bar Association. Mr. Magaji was appointed into the Board of Cement Company of Northern Nigeria PLC on May 14, 2015 as a non-Executive Director.

Alhaji Shehu Abubakar
(INDEPENDENT DIRECTOR)

Shehu Abubakar, a Nigerian was born in August 28, 1959. He holds a B.Sc. (Business Management) from Usman Danfodio University, Sokoto in 1984 and an MBA from Ahmadu Bello University, Zaria in 2011. Alhaji Abubakar had an extensive working career in the Banking Industry from 1987 to 2017 where he retired as Executive Director of Keystone Bank Limited after putting in about 29 years in the Industry. He was also at different times a Director on the Boards Global Bank of Liberia and KBL Health Care Limited. Alhaji Shehu Abubakar has attended many courses in the course of his career within and outside Nigeria at the Lagos Business School, Harvard Business School, Columbia Business School and Wharton Business School among others. Alhaji Abubakar has a wide range of experience in Strategy, Leadership and Executive Management, Customer Relations and Management and Corporate Finance among other things. Alhaji Shehu Abubakar was appointed as an Independent Director on the Board of CCNN PLC on July 12, 2018.

Alhaji Abbas Ahmad Gandi
(NON-EXECUTIVE DIRECTOR)

Alhaji Abbas Ahmad Gandi, a Nigerian, was born in November 1949. He qualified as a Chartered Secretary from Chelmer Institute of Higher Education Chelmsford, England (now Anglia Ruskin University) in 1974. He had an extensive working career that spanned over two decades and retired as Director General (Permanent Secretary) in the Sokoto State Civil Service. Alhaji Abbas was elected as a member of Constituent Assembly for the 1989 Constitution of the Federal Republic of Nigeria. On his return from the Constituent Assembly, he was appointed as Sole administrator/ Chairman of Yabo Local Government Council in Sokoto State. Alhaji Abbas attended so many courses at the Nigerian Institute of Management and the Administrative Staff College of Nigeria.

Currently, Alhaji Abbas is a member of the Governing Board of the Administrative Staff College of Nigeria, Badagry Lagos. On July 12, 2018, Alhaji Abbas Gandi was appointed as Non-Executive Director of Cement Company of Northern Nigeria to represent Sokoto State Government on the Board.

DIRECTORS' PROFILE (CONT'D)

Sen. Khairat Abdulrazaq-Gwadabe
(INDEPENDENT DIRECTOR)

Senator Khairat Abdulrazaq-Gwadabe, a Nigerian, is a Barrister-at-Law and a Solicitor of the Supreme Court of Nigeria and the Managing partner of A. Abdulrazaq & Co, a firm of Legal Practitioners and Notaries Public. She obtained a B.A in European Studies and Spanish from the University of Wolver Hampton England (1982) and Universidad Complutense in Madrid, Spain (1981). She holds an LL.B from the University of Buckingham in England (1984) and was called to the Nigerian Bar in 1986. She later obtained a Master's Degree in Law (LL.M) from the University of Lagos, Nigeria in 1992.

Senator Abdulrazaq-Gwadabe worked with the then Mobil Producing Nigeria as a Counsel in the Legal Department handling matters ranging from compensation matters resulting from oil spillage to internal legal advice on various issues to the company.

In the 1999 general elections, she was elected as the first female Senator from Northern Nigeria and the only Senator representing Abuja, the Federal Capital Territory (FCT). While in the Senate, she chaired the Committees on Women Affairs and Youth Development; The Federal Capital Territory, and Primary Health and HIV/Aids Committees. Senator Khairat Abdul-razaq Gwadabe was elected as chairman of the Senators Forum in 2011, which she still holds to date.

In 2013, she was appointed as a member of the Presidential Advisory Committee on National Dialogue, which recommended guidelines and procedure for holding the National Conference.

Senator Khairat was appointed as an Independent Director on the Board of CCNN PLC on July 12, 2018.

Ahmed Aliyu, Esq.
(COMPANY SECRETARY/LEGAL ADVISER)

Ahmed Aliyu, a Barrister-at-Law and Solicitor of the Supreme Court of Nigeria, is the Company Secretary/Legal Adviser at Cement Company of Northern Nigeria. He has over 16 years' experience in Litigation & Arbitration, Legal Drafting, Company Law, Capital Markets, Corporate Governance, Management and International Business among others.

Mr. Aliyu started his career at a Legal Firm after which he joined the Corporate Affairs Commission where he became a Zonal Manager in various State offices of the Commission in Nigeria. He later joined Cement Company of Northern Nigeria PLC as the Legal Manager, and was afterwards appointed as Company Secretary/Legal Adviser.

An alumnus of Ahmadu Bello University, Nigerian Law School and Harvard Law School (Executive Education), Mr. Aliyu is also a member of the International Bar Association, London, Nigerian Bar Association, and the Chartered Institute of Taxation among other professional bodies. He has attended many courses and conferences in the course of his career within and outside Nigeria.

CHAIRMAN'S STATEMANT

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

INTRODUCTION

Distinguished 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 40th Annual General Meeting of our Company and to lay before the Shareholders the Annual Report and Financial statements for the year ended 31st December, 2018.

I would like to use this opportunity to thank our shareholders for their extraordinary support in approving the Scheme of Merger between CCNN and Kalambaina Cement in November last year. Let me use this opportunity to solicit for your further support in the months and years ahead as we partner to move our company to greater heights.

PERFORMANCE DURING THE YEAR

The cement sector witnessed significant improvement during 2018 as Nigeria gradually came out of recession. Domestic cement consumption grew by 3 million tons (about 15%) from the previous year thus indicating a rise in construction activity. Some of these additional volumes came from the newly commissioned Kalambaina Cement Company during the third and fourth quarters of the year.

On behalf of the Board, I am pleased to announce to our esteemed shareholders that the merger between CCNN and Kalambaina Cement which you approved was finally sealed and the new shares listed on the floor of the Nigerian Stock Exchange on December 31, 2018. Our company is now the 12th largest quoted company on the stock Exchange. I wish to assure you that the Board and Management of CCNN will continue to increase the fortunes of the company and add more value to your investments. This merger has brought the total installed capacity of the company to 2 million metric tons per annum. It has also brought in new technology, reduced operational costs and an enlarged transport fleet. The introduction of coal as the primary fuel for the kiln has thus reduced the great dependency on LPFO whose availability was erratic throughout the year.

During the year 2018, the company had a revenue of ₦31,721,962,000 compared to ₦19,588,261,000 in 2017. The profit after tax and other comprehensive income was N5,863,716,000 compared to ₦2,918,935,000 in the year 2017.

The Profit After Tax recorded in 2018 was the highest ever in the history of the company. The Board of Directors will give the CCNN Management their full support to outperform

CHAIRMAN'S STATEMANT (CONT'D.)

this result in 2019.

The company also recorded its highest domestic and export sales during the year. This was facilitated by the additional output from the enlarged entity. In 2019, we hope to have the full combined capacity of the two entities. With the new capacity, CCNN is now the dominant player in its home market of North West Nigeria. The enlarged transport fleet enabled the company to deliver cement to new customers in the strategic markets of North Central and North East regions. We have also taken advantage of the proximity to the neighbouring West African borders and now deliver cement to Niger Republic. This has opened up a new window for the export operations and revenue generation in foreign currency. It is our hope to further consolidate and enhance the export opportunities available within the West African sub-region.

Our quality remains one of our strongest selling points. We remain committed to delivering an excellent product to the construction industry at competitive prices. I would like to express my sincere appreciation to the Management and Staff for living up to expectation. The Board of Directors remains poised to giving the Management all the support they require to discharge their responsibilities effectively and efficiently.

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 2018, wish to recommend to the Annual General Meeting a gross dividend of =N=0.40k 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 form for e-dividend is 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, 2018.

CONCLUSION

I wish to end my remarks by appreciating all of you for making time out to attend this AGM. I thank all fellow shareholders, Directors, customers, staff and suppliers for their loyalty and support to the growth of the company.

My special appreciation goes to the Government and people of Sokoto State especially the local community for being our very good hosts. We appreciate your cooperation.

I wish everyone a very safe journey back to their respective destinations and we look forward to seeing you at the next Annual General Meeting.

ALHAJI ABDULSAMAD RABIU, CON
Chairman
FRC/2014/IODN/00000010111

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER, 2018

	31 December 2018 ₦'000	31 December 2017 ₦'000	Changes Increase/(decrease) ₦'000	%
MAJOR STATEMENT OF FINANCIAL POSITION ITEMS:				
Total assets	347,746,456	24,648,676	323,097,780	1,311
Non-current assets	330,463,879	12,325,166	318,138,713	2,581
Total liabilities	14,258,768	10,236,469	4,022,299	39
Borrowings	527,436	770,489	(243,053)	(32)
Shareholders' fund	333,487,688	14,412,207	319,075,481	2,214
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS:				
Revenue	31,721,962	19,588,261	12,133,701	62
Cost of sales	17,511,016	11,839,546	5,671,470	48
Gross profit	14,210,946	7,748,715	6,462,231	83
Profit before taxation	7,591,667	4,203,154	3,388,513	81
Profit after income tax	5,731,321	3,223,854	2,507,467	78
Total other comprehensive (loss)/income	132,395	(304,919)	437,314	(143)
Proposed dividend	5,257,400	1,570,847	3,686,553	235
RATIO:				
Current ratio	1.49:1	1.72:1	(0.23)	(13)
Gross Profit (%)	45	40	5	13
Net profit (%)	18	16	3	16
Return on capital employed (%)	2	22	(21)	(92)
Gearing	0.04:1	0.49:1	(0.45)	(92)
PER SHARE DATA:				
Basic Earnings Per Share (kobo)	44	257	(213)	(83)
Diluted EPS (kobo)	44	257	(213)	(83)
Dividend Per Share (kobo)	40	125	(85)	(68)
Net assets	0.03	0.01	0.02	199
Cement Deliveries (tonnes)	742,224	467,707	274,517	59
Number of Employees	394	348	46	13

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, 2018

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 31 December, 2018.

(1) PRINCIPAL ACTIVITIES

The principal activities of the Company are Manufacturing and Sale 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 4 October, 1993.

On 24 December 2018, Cement Company of Northern Nigeria Plc finalized its merger with Kalambaina Cement Company Limited to enlarge its business operation. This merger resulted in BUA Cement Company Limited, being the major owner of Kalambaina Cement Company Limited, to have 87.42% stake in the enlarged entity (CCNN PLC). BUA Cement Company Limited is ultimately owned by Alhaji Dr. Abdulsamad Rabiu, CON.

(3) RESULT FOR THE YEAR

	31 December 2018
	₦'000
Revenue	**31,721,962**
Profit Before Income Taxes	**7,591,667**
Income Taxes	(1,860,347)
Profit After Income Taxes	**5,731,321**
Other Comprehensive Income	132,395
Total Comprehensive Income	**5,863,716**

(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, 2018 and of the financial performance, changes in equity and cash flows for the year then ended and;

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2018 (CONTD.)

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.

(5) DIRECTORS AND DIRECTORS' INTEREST

The names of the Directors are detailed on page 5. The interests of the Directors in the Issued Share Capital of the company are listed below in accordance with Section 275 and 342 of the Companies and Allied Matters Act, CAP C20 LFN 2004 and in compliance with the Listing Rules of the Nigerian Stock Exchange:

No of shares held (Units)
As at 31/12/2018

	Direct	Indirect	Representing
Alhaji Dr. Abdulsamad Rabiu, **CON**	396,227,440	12,356,573,791	Damnaz Cement Co. Ltd, BUA International Ltd & BUA Cement Company Ltd
Engr. Yusuf Haliru Binji	7,093	Nil	N/A
Mr. Chimaobi K. Madukwe	Nil	Nil	N/A
Senator Khairat Abdulrazaq-Gwadabe	Nil	Nil	N/A
Alhaji Kabiru Rabiu	Nil	Nil	N/A
Alhaji Shehu Abubakar	Nil	Nil	N/A
Alhaji Abbas Ahmad Gandi	Nil	Nil	N/A
Mr. Finn Arnoldsen	Nil	Nil	N/A
Mr. Abubakar Magaji Esq.	45,456	Nil	N/A

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

(6) APPOINTMENT/RESIGNATION OF DIRECTORS

There was resignation and/or new appointment into the Board during the year. Mr. Ibrahim Aminu resigned from the Board on August 31, 2018 as the Managing Director/CEO., while Hajia Aishatu Umaru Gwandu and Engr. Muhammad Umar Zauro also resigned on March 31, 2018.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER, 2018 (CONTD.)

Senator Khairat Abdulrazaq-Gwadabe, Alhaji Abbas Ahmad Gandi and Shehu Abubakar were appointed into the Board on July 12, 2018. Also, Engr. Yusuf Haliru Binji was appointed as the Managing Director/CEO on September 1, 2018.

(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 Kabiru Rabiu, Alhaji Abubakar Magaji and Mr. Finn Arnoldsen 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 8 & 9

(8) STATISTICAL ANALYSIS OF THE SHAREHOLDING AS AT 31 DECEMBER 2018

Range of Shareholding	No. of Holders	Holders %	Holders Cummulative	Units	Units %	Units Cummulative
1 - 1,000	20,735	60%	20,735	8,084,397	0.06%	8,084,397
1,001 - 5,000	9,706	28%	30,441	21,336,427	0.16%	29,420,824
5,001 - 10,000	1,669	5%	32,110	12,186,511	0.10%	41,607,335
10,001 - 50,000	1,679	5%	33,789	36,775,886	0.28%	78,383,221
50,001 - 100,000	233	1%	34,022	17,049,116	0.13%	95,432,337
100,001 - 500,000	204	1%	34,226	43,287,821	0.33%	138,720,158
500,001 - 1,000,000	18	0%	34,244	13,241,861	0.10%	151,962,019
1,000,001 - Above	39	0%	34,283	12,991,538,947	98.84%	13,143,500,966
GRAND TOTAL	**34,283**	**100%**		**13,143,500,966**	**100.00%**	

According to the register of members as at 31 December 2018, 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
BUA Cement Company Ltd	11,490,595,760	87.42

SHAREHOLDING PER CATEGORY

S/No.	Category	No. of Holders	Units
1	Corporate	724	12,860,012,071
2	Government	25	74,007,450
3	Individual	33,512	194,550,335
4	Joint	11	137,394
5	Pension	5	14,232,471
6	Institution	6	561,245
		34,283	13,143,500,966

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER, 2018 (CONTD.)

(9) DIVIDEND

The Board is proposing a gross dividend of ₦ 0.40k (2017 ₦1.25k) on every ordinary share in issue. This amounts to ₦5,257,400,388 (2017: ₦ 1,570,847,208). The proposed dividend if approved by the shareholders is subject to deduction of Withholding tax at the appropriate rate.

(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 **₦18,598,000** 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. Details of gifts and donations are as follows:

Corporate Social Responsibility Project	2018 ₦'000
Scholarship Scheme for students in Sokoto, Zamfara and Kebbi States (50 students)	5,000
Donation and provisions of School Uniforms and Educational materials to Pupils of Sabon Garin Alu Primary School	2,300
Drugs to 5 community clinics (Wajeke, Mobile Police Barracks, Kalambaina, Arkilla and Sabon Garin Alu)	6,500
Construction of mechanised Borehole and Renovation at Mobile Police Barack	1,837
Donation of cement to Host Communities	2,961
	18,598

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

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2018 (CONTD.)

(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 14. 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.

(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 two 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 talent and encouraging people to fulfil their potentials. The Company places a high premium on the training 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.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2018 (Contd.)

(14) EVENTS AFTER REPORTING PERIOD

On 23 March, 2018 a dividend of ₦0.40K per share was proposed by the Directors for approval at the Annual General Meeting. This will result in a dividend payment of ₦5,257,400,388 once approved by the shareholders at the Annual General Meeting.

(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 is 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 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.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2018 (Contd.)

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) BUSINESS COMBINATION

During the year, the Company sought and obtained shareholders' and regulatory approval to merge Kalambaina Cement Company Ltd into Cement Company of Northern Nigeria Plc, the merger became effective on 24 December, 2018 when it was sanctioned by the Federal High Court.

(19) APPROVAL OF ACCOUNTS

These financial statements for the year ended 31 December 2018 have been approved for issue by the Directors on **23 March, 2019.**

(20) 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: **23 March, 2019**

CORPORATE GOVERNANCE REPORT

The Company recognizes 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.

Two independent non-executive Director were 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 nine members, eight of whom are non-Executive, among which there are Two Independent 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

Board meetings attendance:

S/No.	Directors	Date of Meeting and Attendance 15/03/2018	12/07/2018	06/08/2018	30/10/2018	11/12/2018
1	Abdulsamad Rabiu,CON	P	P	P	P	P
2	Ibrahim Aminu	P	P	A	Resigned w.e.f. 31/8/2018	
3	Chimaobi Madukwe	P	P	P	P	P
4	Kabiru I. Rabiu	P	P	A	P	P
5	Aishatu U. Gwandu, mni	P	Resigned w.e.f. 31/3/2018			
6	Muhammad U. Zauro	P	Resigned w.e.f. 31/3/2018			
7	Finn Arnoldsen	P	P	P	P	P
8	Abubakar Magaji Esq.	P	P	P	P	P
9	Shehu Abubakar		Appointed w.e.f. 12/07/2018	P	P	P
10	Khairat A. Gwadabe		Appointed w.e.f. 12/07/2018	P	P	P
11	Abbas A. Gandi		Appointed w.e.f. 12/07/2018	P	P	P
12	Yusuf H. Binji			Appointed w.e.f. 01/09/2018	P	P

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

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.

S/No.	Directors	Date of Meeting and Attendance 14/03/2018	11/07/2018	29/10/2018	10/12/2018
1	Kabiru I. Rabiu	P	P	P	P
2	Ibrahim Aminu	P	P	Resigned w.e.f. 31/8/2018	
3	Chimaobi K. Madukwe	P	P	P	P
4	Muhammad U. Zauro	P	Resigned w.e.f. 31/3/2018		
5	Abubakar Magaji Esq.	P	P	P	P
6	Finn Arnoldsen	P	P	P	P
7	Yusuf H. Binji		Appointed w.e.f. 01/09/2018	P	P
8	Shehu Abubakar		Appointed w.e.f. 12/07/2018	P	P

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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**	**14/03/2018**	**11/07/2018**	**29/10/2018**	**10/12/2018**
1	Abubakar Magaji Esq.	P	P	P	P
2	Chimaobi Madukwe	P	P	P	P
3	Aishatu U. Gwandu, mni	P	Resigned w.e.f. 31/3/2018		
4	Muhammad U. Zauro	P	Resigned w.e.f. 31/3/2018		
5	Finn Arnoldsen	P	P	P	P
6	Abbas A. Gandi		Appointed w.e.f. 12/07/2018	P	P
7	Khairat A. Gwadabe		Appointed w.e.f. 12/07/2018	P	P

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

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.

CORPORATE GOVERNANCE REPORT (CONT'D)

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	11/07/2018	10/12/2018
1	Muhammad U. Zauro	Resigned w.e.f. 31/3/2018	
2	Ibrahim Aminu	p	Resigned w.e.f. 31/8/2018
3	Kabiru I. Rabiu	p	p
4	Aishatu U.Gwandu, mni	Resigned w.e.f. 31/3/2018	
5	Finn Arnoldsen	p	p
6	Chimaobi Madukwe	p	*A
7	Yusuf H. Binji		p
8	Shehu Abubakar		p
9	Khairat A. Gwadabe		p

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

The Board was reconstituted on 12 July 2018, Mr. Chimaobi Madukwe ceased to be a member of the Risk Management Committee.

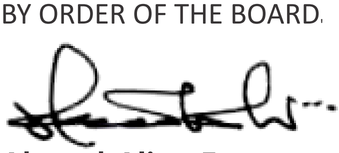
OTHER DISCLOSURES

During the year the company was unable to meet the deadline for filing of the quarterly unaudited financial statements to the Nigerian Stock Exchange, for the quarter ended September 30th 2018. This was due to change of management as some principal officers of the company resigned during the period including the Managing Director and Finance Director. The newly appointed Management had to settle down to work before the Financial Statements could be released. The Financial Statements were later filed on 15th December, 2018.

As a result of that, the NSE fined the Company the sum of ₦4,500,000.

The Company has always been complying with all listing rules and regulations and has never been fined for breach of the NSE rules. We assure our esteemed shareholders that the Company will continue to uphold global best compliance practices.

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: **23 March, 2019**

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER, 2018.

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 finance 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, 2011 and 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: 23 March, 2019

Engr. Yusuf Binji
Managing Director/CEO
FRC/2013/NSE/00000001746
Date: 23 March, 2019

Mr. Anthony Izuagie
Chief Financial Officer
FRC/2014/ICAN/00000010400
Date: 23 March, 2019

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER, 2018

The audit committee is pleased to present this report for the financial year ended 31 December 2018 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 term 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**	14/03/2018	11/07/2018	29/10/2018	10/12/2018
1	Ajibola A. Ajayi	P	P	P	P
2	Kabiru A. Tambari	P	P	P	P
3	OderindeTaiwo	P	P	P	P
4	Aishatu U. Gwandu, mni	P	Resigned w.e.f. 31/3/2018		
5	Kabiru I. Rabiu	P	A	P	P
6	Chimaobi Madukwe	P	P	P	P
7	Abbas A. Gandi		Appointed w.e.f. 12/07/2018	P	P

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

REPORT OF AUDIT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER, 2018. (CONT'D.)

Roles and responsibilities

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

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 2018.

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.

REPORT OF AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER, 2018. (CONT'D.)

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 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, 2018 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, 2018, 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: **23rd March, 2019**

REPORT OF AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER, 2018. (CONT'D.)

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 (Resigned w.e.f. March 31, 2018)
Abbas A. Gandi		Director (Appointed w.e.f. July 12, 2018)

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

Abbas A. Gandi
DIRECTOR
(Appointed w.e.f. July 12, 2018)

gbc Gbenga Badejo & Co.
(Chartered Accountants)

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CEMENT COMPANY OF NORTHERN NIGERIA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS'

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 December 31, 2018;
- the company's statement of profit or loss and other comprehensive income for the year ended 31 December, 2018;
- the company's statement of changes in equity for the year ended 31 December, 2018;
- the company's statement of cash flows for the year ended 31December, 2018;
- the notes comprising 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, 2018 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 on Auditing (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 there on, 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 (CONT'D.)

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 financial statements

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of Employee Benefits Liabilities Management has estimated the fair value of the company's End of Service Benefits to be ₦ 1.255 billion as at 31 December 2018 with actuarial gain for the year ended 31st December 2018 recorded in the other comprehensive income of ₦ 132.395 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 include; i. Evaluation of the independent actuarial 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 the net present value. iv. Our in-house expert review of the assumption of the actuarial basis (discount rate, rate of inflation, pay increase, methodology etc). We found the key assumptions to be appropriate. 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 13 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 (CONT'D.)

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matter
Business combinations IFRS 3 on Business Combinations requires the Company to recognize the identified assets and liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair value of recognized assets and liabilities as goodwill. In this circumstance goodwill was not created by the company but brought in from the books of the acquiree. Significant judgment is applied in the identification of any intangible assets acquired and contingent liabilities assumed in the transactions. Significant assumptions and estimates are also used in the determination of the fair values of the identified assets acquired and liabilities assumed in the transactions. Management has engaged an independent valuer ("management's expert") to issue a valuation report on the fair values of the identified assets (PPE only) while a remeasurement of the goodwill (₦111 billion) brought into the books was carried out by the management at the respective acquisition dates.	We have evaluated the competence, capabilities and objectivity of the management's expert, obtained an understanding of the work of the expert, and evaluated the appropriateness of the expert's work as audit evidence for the relevant assertions. We have further reviewed the remeasurement and the reasonableness of the underlying key assumptions. We have evaluated the adequacy of the work performed by the management. Based on our procedures, we noted that the remeasurement have been performed in accordance with IFRS 3. We also noted management's key assumptions applied in the remeasurement exercises in arriving at the fair values of the assets acquired and assumed to be within a reasonable range of our expectations. With respect to our work on the subsequent impairment testing of the goodwill, we refer to key audit matter "Impairment of goodwill" below. We have also assessed and corroborated the adequacy and appropriateness of the disclosures made in the financial statements. The company's disclosures of the business combination accounting applied during the financial year are included in Note 31 to the financial statements We completed our audit procedures with no adverse findings.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CEMENT COMPANY OF NORTHERN NIGERIA PLC (CONT'D.)

Key Audit Matters (Cont'd)

Key Audit Matters	Our responses and work performed
Impairment of goodwill Under IAS 36 Impairment of Assets, a cash-generating unit ("CGU") to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. Goodwill under intangible assets are significant accounts in the statement of financial position, and significant judgement, assumptions and estimates are applied by management in the impairment testing of the associated CGU. Value in use involves cash flow projections and applying the growth rate and discount rate in the cash flow projections, while fair value less costs of disposal is the price that would be received in an orderly transaction between market participants at the measurement date, less the incremental costs directly attributable to the disposal of the CGU. Input inaccuracies or inappropriate bases used to determine the level of impairment, including the discount rate and growth rate used in the value in use computations, and the market comparables used in the fair value measurements, could result in material mis statement in the financial statements.	We have assessed the key assumptions used by management in performing the impairment test, including reference to recent transactions and market comparables. We have evaluated the competence, capabilities and objectivity of the management team, obtained an understanding of their work, and evaluated the appropriateness of their work as audit evidence for the relevant assertions. In addition, we have engaged our in-house expert to assist us in evaluating the assumptions, methodologies and data used in the impairment test. The expert independently developed expectations of the assumptions used in the impairment test, including the discount rate and growth rate. We have also performed sensitivity test to determine the available headroom of the CGU, where a reasonably possible change in assumptions could cause the recoverable amount to be less than the carrying amount. Based on our procedures, we noted the key assumptions used by management to be within a reasonable range of our expectations. We have also assessed and corroborated the adequacy and appropriateness of the disclosures made by management in the financial statements. The disclosures on goodwill and the impairment testing of the CGU are included in Note 15.2 to the financial statements. We completed our audit procedures with no adverse findings.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CEMENT COMPANY OF NORTHERN NIGERIA PLC (CONT'D.)

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CEMENT COMPANY OF NORTHERN NIGERIA PLC (CONT'D.)

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:

- 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CEMENT COMPANY OF NORTHERN NIGERIA PLC (CONT'D.)

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.

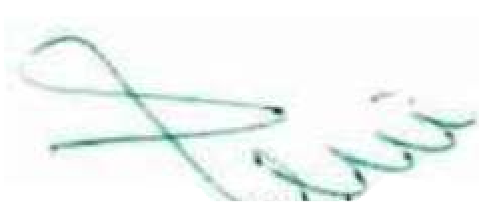
From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 consequence s 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: **23 March, 2019**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER, 2018

	Notes	2018 ₦'000	2017 ₦'000
Revenue	6	31,721,962	19,588,261
Cost of sales	7	(17,511,016)	(11,839, 546)
Gross profit		**14,210,946**	**7,748,715**
Other income	8	243,492	103,214
Selling and distribution expenses	9	(1,571,066)	(869,993)
Administrative expenses	10	(5,008,797)	(2,498,823)
Profit from operation		**7,874, 575**	**4,483,113**
Finance income	11(a)	137,591	108,203
Finance expense	11(b)	(420,499)	(388,162)
Net finance expense		(282,908)	(279,959)
Profit before tax		**7,591,667**	**4,203,154**
Tax expense	12(a)	(1,860,347)	(979,300)
Profit for the year		**5,731,321**	**3,223,854**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) gain on defined benefit obligations (Net of tax)		132,395	(304,919)
Total other comprehensive income		132,395	(304,919)
Total comprehensive income		**5,863,716**	**2,918,935**
Earnings per share			
Basic EPS (kobo)	32	44	257
Diluted EPS (kobo)	32	44	257

Due to the merger of the Company with Kalambaina Cement Company Limited during the year, the 2018 Company numbers are those of the enlarged entity while the 2017 numbers are those of the Company prior to the merger.

The accompanying explanatory notes on pages 41 to 103 and other national disclosures on pages 104 to 105 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2018

	Notes	2018 ₦'000	2017 ₦'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	219,573,208	12,324,586
Intangible assets	15	110,890,671	580
		330,463,879	**12,325,166**
CURRENT ASSETS			
Inventories	16	12,642,312	6,515,835
Trade and other receivables	17	4,044,361	2,674,011
Cash and cash equivalents	18	595,904	3,133,664
		17,282,577	**12,323,510**
TOTAL ASSETS		**347,746,456**	**24,648,676**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	6,571,751	628,339
Share premium	20	312,352,806	3,513,606
Retained earnings	22	14,334,165	10,173,691
Other reserves	21	228,966	96,571
		333,487,688	**14,412,207**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	1,288,054	1,356,432
Long term borrowings	24	118,287	414,500
Deferred revenue	25	5,701	31,988
Employee benefit liability	13	1,255,236	1,239,949
Provisions	28	37,246	27,646
		2,704,524	**3,070,515**
CURRENT LIABILITIES			
Trade and other payables	26	8,861,084	6,100,584
Income tax payables	27	2,257,725	667,171
Short term borrowings	24	409,149	355,989
Deferred revenue	25	26,287	42,210
		11,554,244	**7,165,954**
Total Liabilities		**14,258,768**	**10,236,469**
TOTAL EQUITY AND LIABILITIES		**347,746,456**	**24,648,676**

Due to the merger of the Company with Kalambaina Cement Company Limited during the year, the 2018 Company numbers are those of the enlarged entity while the 2017 numbers are those of the Company prior to the merger.

The Financial statements and notes on pages 41 to 103 were approved by the Board of Directors on 23 March, 2019 and signed on its behalf by:

Alhaji Abdulsamad Rabiu, CON
Chairman
FRC/2014/IODN/00000010111

Engr. Yusuf Binji
Managing Director/CEO
FRC/2013/NSE/00000001746

Mr. Anthony Izuagie
Chief Financial Officer
FRC/2014/ICAN/00000010400

The accompanying explanatory notes on pages 41 to 103 and other national disclosures on pages 104 to 105 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2018

	SHARE CAPITAL	SHARE PREMIUM	CAPITAL RESTRUCTURING RESERVE	RESERVE ON ACTUARIAL VALUATION OF DEFINED BENEFIT PLAN	RETAINED EARNINGS	TOTAL EQUITY
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance at 1 January 2017	628,339	3,513,606	120,933	280,557	6,949,837	11,493,272
Comprehensive income:						
Profit for the period	-	-	-	-	3,223,854	3,223,854
Other comprehensive loss for the period	-	-	-	(304,919)	-	(304,919)
Total Comprehensive Income	-	-	-	**(304,919)**	**3,223,854**	**2,918,935**
Transactions with owners recorded directly in equity						
Dividend paid (Note 35)	-	-	-	-	-	-
Balance at 31 December 2017	**628,339**	**3,513,606**	**120,933**	**(24,362)**	**10,173,691**	**14,412,207**
Balance at 1 January 2018	628,339	3,513,606	120,933	(24,362)	10,173,691	14,412,207
Comprehensive income:						
Profit for the period					5,731,321	5,731,321
Other comprehensive income for the period				132,395		132,395
Total Comprehensive Income	-	-	-	**132,395**	**5,731,321**	**5,863,716**
Transactions with owners recorded directly in equity						
Issue of shares related to business combination (**Note 31**)	5,943,412	308,839,200	-	-	-	314,782,612
Dividend Paid (**Note 35**)	-	-	-	-	(1,570,847)	(1,570,847)
	5,943,412	308,839,200	-	-	(1,570,847)	313,211,765
Balance at 31 December 2018	**6,571,751**	**312,352,806**	**120,933**	**108,033**	**14,334,165**	**333,487,688**

Due to the merger of the Company with Kalambaina Cement Company Limited during the year, the 2018 Company numbers are those of the enlarged entity while the 2017 numbers are those of the Company prior to the merger.

The accompanying explanatory notes on pages 41 to 103 and other national disclosures on pages 104 to 105 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2018

	Note	2018 ₦'000	2017 ₦'000
Cash flows from operating activities			
Profit before tax		7,591,667	4,203,154
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation of property, plant and equipment	14	2,331,358	687,286
Amortisation of intangible assets	15	177	193
Profit on disposal of property, plant and equipment	8	(8,468)	(686)
Impairment of property, plant and equipment		-	90,474
Provision for end of service benefit obligations		317,349	266,547
Allowance for impairment on receivables	17(b)	80,865	103,055
Gain on remeasurement of identifiable assets	31	(182,656)	-
Reversal of impairment	17(b)	(88)	(1,015)
Operating cashflows before movements in working capital		**10,130,204**	**5,349,009**
Working Capital Adjustments:			
Increase in trade and other receivables		(1,451,127)	(986,424)
Increase in inventories		(6,126,477)	(1,269,909)
Increase in trade and other payables		2,760,502	1,199,972
Increase/(Decrease) in Provisions	28	9,600	(17,400)
Cash generated from operations		**5,322,702**	**4,275,248**
Benefit Paid during the year		(174,254)	(224,494)
Contribution made by employer		-	(120,000)
Tax paid	27	(333,586)	(304,866)
Net cash flow from operating activities		**4,814,862**	**3,625,888**
Investing Activities			
Purchase of property, plant and equipment	14	(5,518,466)	(2,573,554)
Proceeds from disposal of property, plant and equipment		21,955	2,304
Net cash flows used in investing activities		**(5,496,511)**	**(2,571,250)**
Financing Activities			
Dividend paid to equity holders	35	(1,570,847)	-
Repayment of borrowings	33	(387,313)	(384,459)
Net cash flows used in financing activities		**(1,958,160)**	**(384,459)**
Net increase in cash and cash equivalents		(2,639,809)	670,178
Cash and cash equivalents at 1 January		3,133,664	2,463,486
Cash and cash equivalents at 31 December	18	**493, 854**	**3,133,664**

The accompanying explanatory notes on pages 41 to 101 and other national disclosures on pages 102 to 103 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

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.

On 24 December 2018, Cement Company of Northern Nigeria Plc finalized its merger with Kalambaina Cement Company Limited to enlarge its business operation. This merger resulted in BUA Cement Company Limited being the major owner of Kalambaina Cement Company Limited to have 87.42% stake in the enlarged entity (CCNN Plc). BUA Cement Company Limited is ultimately owned by Alhaji Dr. Abdulsamad Rabiu, CON.

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

The principal activities 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 effectives

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

Impact of application of IFRS 15 Revenue from contracts with customers

The Company has applied these standards for the first time in the current year. 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.

The company's policies for its revenue is disclosed in detail in Note 4.7. Apart from providing more extensive disclosures for the company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and or financial performance of the company.

In the current year, the company has applied a number of amendments to IFRS standards and interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018.

Impact of application of IFRS 15 Revenue from contracts with customers (Cont'd)

The application of these standards has not had any material impact on the company's financial statement as the revenue recognition already meet the requirements of the standards.

Impact of Initial application of IFRS 9 Financial Instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS standards that are effective for an annual period that begins on or after 1 January 2018. The transition provision of IFRS 9 allow an entity not to restate comparatives. The Company has not elected not to restate comparatives in respect of the classification and measurement of financial Instruments.

In addition, the Company adopted amendments of IFRS 7 financial instruments: Disclosures that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for;

i. Classfication and measurement of Financial Assets and Financial Liabilities.

ii. Impairment of Financial Assets

iii. General hedge Accounting

Details of these new requirements as well as their impact on the Company's Financial statements are described below. The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9

Classification and measurement of Financial Assets and Financial Liabilities.

The Company has assessed its existing financial assets and liabilities in terms of the requirements of IFRS 9. The company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January, 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January, 2018.

The Directors of the Company reviewed and assessed the company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no impact on the company's financial assets as regards their classification and measurements.

The trade & Other receivables that were measured under IAS 19 at Amortised Cost (AC) continued to be measure at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payment on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Impact of Initial application of IFRS 9 Financial Instruments

	IAS 39	31 December, 2017 Classification	Remeasurement	Expected Credit Loss/Write Back	IFRS 9	1 January, 2018 Classification
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment		12,324,586	-	-		12,324,586
Intangible assets		580	-	-		580
		12,325,166				12,325,166
CURRENT ASSETS						
Inventories		6,515,835	-	-		6,515,835
Financial Assets under IAS 39						
Cash and cash equivalents	AC	3,133,664	(3,133,664)	-		-
Loans & Receivables	AC	933,414	(933,414)	-		-
Financial Assets under IFRS 9						
Cash and cash equivalents			3,133,664		AC	3,133,664
Amortised cost			933,414		AC	933,414
Other receivables		1,740,597				1,740,597
		12,323,510	-	-		12,323,510
TOTAL ASSETS		**24,648,676**	-	-		**24,648,676**
EQUITY AND LIABILITIES						
EQUITY						
Share capital		628,339				628,339
Share premium		3,513,606				3,513,606
Retained earnings		10,173,691				10,173,691
Other reserves		96,571				96,571
		14,412,207	–	-		14,412,207
LIABILITIES						
NON-CURRENT LIABILITIES						
Deferred tax liabilities		1,356,432				1,356,432
Financial liabilities under IAS 39						
Long term borrowings	AC	414,500	(414,500)			–
Financial liabilities under IFRS 9						
Long term borrowings			414,500		AC	414,500
Deferred revenue		31,988				31,988
Employee benefit liability		1,239,949				1,239,949
Provision		27,646				27,646
		3,070,515	-	-		3,070,515
CURRENT LIABILITIES						
Financial liabilities under IAS 39						
Trade and other payables	AC	2,424,520	(2,424,520)			–
Short term borrowings	AC	355,989	(355,989)			–
Financial liabilities under IFRS 9						
Trade and otherpayables			2,424,520		AC	2,424,520
Short term borrowings			355,989		AC	355,989
Other Payables		3,676,064				3,676,064
Income tax payables		667,171				667,171
Deferred revenue		42,210				42,210
		7,165,954	–	-		7,165,954
Total Liabilities		10,236,469	–	-		10,236,469
TOTAL EQUITY AND LIABILITIES		**24,648,676**	–	-		**24,648,676**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Impairment of Financial Assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

i. debt investments measured subsequently at amortised cost or at FVTOCI;

ii. lease receivables;

iii. trade receivables and contract assets; and

iv. financial guarantee contracts to which the impairment requirements of IFRS 9 apply

General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

The Company is exposed through its operations to the following Financial Risk;

i. Credit Risk

ii. Cash flow interest rate Risk

iii. Foreign Exchange Risk

Further disclosures in Note 5

Amendments to IAS 40 Transfers of Investment Property

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

The amendment to the standard has had no impact on the Company's financial

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

statements as the company does not hold any Investment Property.

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 classified as equity- settled had it not included the net settlement feature.

c. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
   - i) the original liability is derecognised ;
   - ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   - iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendment to the standard has had no impact on the Company's financial statements. The Company does not operate share based payment scheme.

2.2 Standard, ammendments and interpretations to existing standard 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 financial year/period. They have not been adopted in preparing the financial statements for the year ended 31 December 2018 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

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.	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.
		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		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 16 issued in January 2016	Leases	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.		
		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.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts	Insurance Contracts	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.	Annual reporting periods beginning on or after 1 January 2021	The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements.
		The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.		
Amendments to IFRS 9	Prepayment Features with Negative Compensation	The amendments to the standards enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.	Annual reporting periods beginning on or after I January 2019	The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements
		To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
Amendments to IAS 19 Employee Benefit	Benefits Plan Amendment, Curtailment or Settlement	The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must: i. calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change ii. any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling iii. separately recognise any changes in the asset ceiling through other comprehensive income.	Annual reporting periods beginning on or after 1 January 2019	The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements.
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, 2018

3. 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 assumptions 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

(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.

(e) Employee Benefit Obligation (Defined Benefit Plan)

The cost of the defined benefit plans and the present value of retirement benefit obligations and long service awards are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates. Due to the complexities involved in the valuation and its long-term nature, these obligations are highly sensitive to changes in assumptions.

All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bond in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK. Further information is provided in Note13(b).

(f) Impairment of Goodwill

The Company assesses its goodwill for possible impairment if there are events or changes in circumstances that indicate that carrying values of the cash generating unit (CGU) may not be recoverable, or at least at every reporting date.

The assessment for impairment entailed comparing the carrying value of the cash generating unit containing the goodwill with its recoverable amount. The recoverable amount is based on an estimate of the value in use of these assets. Value in use is determined on the basis of discounted estimated future net cash flows. During the year, the Company recognised no impairment losses in respect of goodwill. See further details in Notes 15.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

4 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.

4.1 Statement of Compliance

The Company's financial statements for the year ended 31 December, 2018 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 31 December, 2018 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 23 March, 2019.

4.2 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.

4.3 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.

4.4 Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

4.5 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 3

4.6 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 orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When measuring the fair value of an asset or a liability, the company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

4.7 Revenue recognition

The Company generates revenue primarily from the sale of Cement to its customers.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Transfer of control is believed to be transferred to the buyer at the point of delivery to the buyer.

a) Sale of goods

Revenue is recognised when persuasive evidence exists that the controls 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.

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.

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 receives cash on an impaired receivable.

4.8 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 their nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

The Company classifies its expenses as follows:

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

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 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 and borrowing cost that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss.

4.9 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. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Deferred tax (Cont'd)

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 statement of profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

4.10 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 equipment	3-5 years
Office equipment	3-5 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018

Property, plant and equipment (Cont'd)

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 statement of profit or loss.

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 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 within finance expense in the statement of profit or loss.

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 comprehensive income within 'Other income' in the year that the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

4.11 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 statement of profit or loss, 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 statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase

4.12 Intangible assets

Goodwill
Goodwill on acquisition of subsidiary by way of business combination is included under intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or change in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to the cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Software
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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Costs associated with maintaining software programmes are recognised as an expense as incurred.

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.

4.13 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.14 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

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.

4.15 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. On intial recognition, financial assets is classified as measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

A financial assets is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL

i It is held within a business model whose objective is to hold assets to collect contractual cashflow;

ii Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI, if it meets both of the following conditions and is not designated as at FVTPL:

i It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

On intial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value on OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as declared above are measured at FVTPL. This include all derivative financial assets.

Financial Assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.

Financial Assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt Investments at FVTOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gain and losses are recognised in OCI. On derecognition, gain and losses accumulated in OCI are reclassified to profit or loss

Equity Investments at FVTOCI: These assets are subsequently measured at fair value. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gain and losses are recognised in OCI and are never reclassified to profit or loss.

The company's financial assets are mainly measured at amortised cost and they comprise cash & Cash equivalents, trade receivables, due to related parties and other receivables.

(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, cash in 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

(ii) Trade receivables

Trade receivables are amounts due from customers for 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 statement of profit or loss.

4.16 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

4.17 Financial liabilities

Financial liabilities are initially recognised at fair value when the Company becomes a party to the contractual provisions of the liability. Financial Liabilities are classified as measured at amortised cost or fair value through profit or loss (FVTPL). Financial Liabilities are classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains and losses including any interest expenses are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method or invoice price where discounting is not significant. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Company's financial liabilities include trade and other 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

consideration paid and payable is recognised in the statement of profit or loss.

(iv) Impairment of financial instruments

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to twelve-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, twelve-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due unless there is adequate security. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018

Measurement and recognition of expected credit losses (Continued)

given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to twelve-month ECL at the current reporting date, except for assets for which a simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4.18 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

4.19 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 on staff emoluments 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) Defined benefit plan

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

iii) Short-term benefits

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

A liability is recognised for the amount expected to be paid under short-term benefits if the group 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.

4.20 Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

A business combination is a "common control combination" if:

i The combining entities are ultimately controlled by the same party both before and after the combination and

ii Common control is not transitory

The consideration transferred for the business combination comprises the following;

i Fair value of the assets transferred.

ii Liabilities incurred to the former owners of the acquired business

iii Equity interests issued by the company

iv Fair Value of any asset or liability resulting from a contingent consideration arrangement, and

v Fair value of any pre exist equity interest in the subsidiary.
Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are with limited exceptons, measured initially at their fair values at the acquisition date.

Under acquisition method, the company account for combination as follows;

i. identifying the acquirer;

ii. determining the acquisition date;

iii. recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and

iv. recognising and measuring goodwill or a gain from a bargain purchase.

Acquisition-related costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

The excess of the

i consideration transferred,

ii amount of any non-controlling interest in the acquired entity, and

iii acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in statement profit or loss.

4.21 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

4.22 Earnings per share

Basic earnings per share is computed by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares outstanding during the period.

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

4.23 Statement of cashflows

The statement of cashflows shows the changes in cash and cash equivalents

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

arising during the period from operating activities, investing activities and financing activities.

The cashflows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated for the purpose of preparing the statement of cash flows.

In the statement of cashflows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

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

4.24 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.

4.25 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

4.26 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.

4.27 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.

4.28 Profit from operation

Operating profit is the result generated from the continuing principal revenue producing activities of the company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

4.29 Share capital, reserves and dividends

(i) Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. 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 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.

5 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Financial Risk Management (Cont'd)

- Trade receivables and other receivables
- Cash and cash equivalents
- Trade and other payables

(ii) Financial instruments by category

Financial assets measured at amortised cost

1 January 2018	**₦'000**
Cash and cash equivalents	3,133,664
Trade & other receivables	42,794
Due from related companies	890,620
Total financial assets	**4,067,078**
31 December 2018	**₦'000**
Cash and cash equivalents	595,904
Trade & other receivables	72,168
Due from related companies	2,144,522
Total financial assets	**2,812,594**

Financial liabilities measured at amortised cost

1 January 2018	
Short term borrowings	355,989
Due to related companies	127,527
Long term borrowings	414,500
Trade & other payables	2,296,993
	3,195,009
31 December 2018	
Short term borrowings	409,149
Due to related companies	496,902
Long term borrowings	118,287
Trade & other payables	4,470,272
	5,494,610

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

General objectives, policies and processes of risk management

The Risk Management Committee 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 Director 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 Director 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 rendered 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 services are made only with approval of the Management, otherwise payment in advance is required.

The Company's current credit risk grading framework comprises the following categories

Category	Description	Basis for recognising Expected Credit Losses
Performing	The counter party has a low risk default and does not have any past due amounts	12-Month ECL
Doubtful	Amount> 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL-not credit impaired
In default	Amount is >180 days past due or there is evidence indicating the assests is credit impaired.	Lifetime ECL-credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery	Amount is written off

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

For trade and other receivables, the company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by making provisions based on historical credit loss experience, past due status of the customers, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit profile of these assets is presented based on their past due status. Note 17 further details on the loss allowance for these assets respectively. Further disclosures regarding trade and other receivables which are neither past due not impaired are provided in Note 17

Also, Credit risk 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.

Cash at bank

A significant amount of cash is held with the following institutions:	31 December 2018 ₦'000	31 December 2017 ₦'000
First Bank Nigeria Limited	35,237	75,193
Keystone Bank Limited	35,011	252,062
First City Monument Bank	1,485	565
Skye Bank Plc (Now Polaris Bank Ltd)	55,374	495,385
United Bank for Africa Plc	5,257	646,607
Diamond Bank Plc	14,148	10,883
Stanbic IBTC Bank Plc	1,151	5,985
Guaranty Trust Bank Plc	346,856	549,101
Fidelity Bank Plc	37,077	-
Union Bank of Nigeria Plc	-	881,637
Zenith Bank Plc	64,310	216,245
	595,906	**3,133,663**

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.

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 and are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

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 assets 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:

Cash & Cash Equivalents

	Assets	Liabilities
	2018	**2018**
	₦'000	**₦'000**
US dollars($)	39,898	-
Euro	1,375	-
	Assets	Liabilities
	2017	2017
	₦'000	**₦'000**
US dollars($)	46,237	-
Euro	511	-

Sensitivity analysis

At 31 December 2018, if the currency had weakened/strengthened by 10% against the US Dollar and Euro with all other variables held constant, profit after taxation for the year would have been ₦4.1million higher/lower, mainly as a result of the foreign exchange gains/losses on translation of US Dollar 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 Finance Director.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

At 31 December 2018	**Up to 3 months ₦'000**	**Between 3 and 12 months ₦'000**	**Between1 and 2 years ₦'000**	**Between 2 and 5 years ₦'000**	**Over 5years ₦'000**
Trade & other payables	4,470,272	-	-	-	-
Short term borrowings	-	409,149	-	-	-
Due to related companies	-	496,902	-	-	-
Long term borrowings	-		118,287	-	-
	4,470,272	**906,051**	**118,287**	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

At 31 December 2017

Trade & other payables	2,296,993	-	-	-	-
Short term borrowings	-	355,989	-	-	-
Due to related companies	-	127,527	-	-	-
Long term borrowings	-		414,500	-	-
	2,296,993	**483,516**	**414,500**	-	-

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, retained earnings, share premium, capital restucturing reserve and reserve on actuarial valuation of defined benefit plan).

The Company's objectives 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

The debt-to-adjusted-capital ratio at 31 December 2018 and 31 December 2017 were as follows:

	2018 ₦'000 ₦	2017 ₦'000 ₦
Total debt	14,258,768	10,236,469
Less: cash and cash equivalents	(595,904)	(3,133,664)
Net debt	13,662,864	7,102,805
Total equity	333,487,688	14,412,207
Debt to adjusted capital ratio	**0.04:1**	**0.49:1**

6 REVENUE

The Company generates revenue primarily from the sale of Cement to its customers.

a) Revenue from contract with Customers

	2018 ₦'000	2017 ₦'000
Sale of cement	**31,721,962**	**19,588,261**

Included in sale of cement is revenue of approximately ₦4.2 billion (2017:₦2.6 billion) which arose from sales to the Company's single largest customer.

b) Disaggregation of revenue from contracts with customers:

In the following, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

		2018 ₦'000	2017 ₦'000
i	Primary geographical markets		
	Nigeria	28,870,060	19,433,282
	Outside Nigeria	2,851,902	154,979
		31,721,962	**19,588,261**
ii	Timing of revenue recognition		
	Products transferred at a point in time	31,721,962	19,588,261
	Products and services transferred over time	-	-
		31,721,962	**19,588,261**

c) Contract balances

The following provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31December, 2018 ₦'000	1January, 2018 ₦'000
Receivables, which are included in 'trade and other receivables'	(0.0)	1,807
Contract liabilities	1,996,060	2,483,629
	1,996,060	**2,485,436**

The contract liabilities primarily relate to the advance consideration received from customers for production of cement, for which revenue is recognised upon performance by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER , 2018

d) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control of a good or service to a customer.

e) Further analysis of revenue

	2018	2017
i *Revenue-Volume in tons*	**Unit**	**Unit**
Company's installed production capacity	2,000,000	500,000
Production for the year	764,506	466,220

The installed capacity of 2,000,000mts is as a result of the merger between the company (existing capacity-500,000mts) and Kalambaina Cement Company Ltd (additional capacity-1,500,000 mts). Production in the new plants commence during the last quarter of the year.

	2018	2017
ii **Cement deliveries (Tonnes)**	742,224	467,707
iii **The average price per ton Cement**	₦ **42,739**	₦ **41,966**

7 COST OF SALES

	2018 ₦'000	2017 ₦'000
Raw materials and consumables	3,035,212	1,610,488
Energy cost	9,321,815	6,964,236
Lubricant	279,350	135,503
Repairs and maintenance	621,882	1,003,811
Salaries,wages and benefits	1,653,333	1,260,147
Training cost	17,095	12,862
Factory depreciation	1,959,171	633,002
Insurance	57,701	34,753
Other direct expenses	565,460	184,743
	17,511,016	11,839,546

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

a) Change in classification

Comparative amounts in cost of sales was reclassified for consistency which resulted in ₦143.5 million being reclassified from cost of sales to finance income & cost. The reclassification did not have effect on the statement of profit or loss and financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

8 OTHER INCOME

	2018 ₦'000	2017 ₦'000
Insurance claims	442	47,074
Sales of scrap	9,628	10,343
Net reversal impairment	88	1,015
Gain on remeasurement of identifiable asstes (Note31)	182,656	-
Deferred revenue (Note 25)(b))	42,210	37,077
Realised exchange gain	-	7,018
Profit on disposal of assets	8,468	686
	243,492	**103,214**

9 SELLING AND DISTRIBUTION EXPENSES

	2018 ₦'000	2017 ₦'000
Distribution cost	1,371,940	707,331
Salaries, wages and benefits	122,695	92,450
Other selling and distribution costs	76,430	70,212
	1,571,066	**869,993**

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

a) Change in classification

Comparative amounts in selling and distribution costs was reclassified for consistency which resulted in ₦12.8 million being reclassified from selling and distribution costs to finance income & cost. The reclassification did not have effect on the statement of profit or loss and financial position.

10 ADMINISTRATIVE EXPENSES (EXPENSES ANALYSED BY NATURE)

	2018 ₦'000	2017 ₦'000
Salaries, wages & benefits	710,880	660,880
Trainings	48,443	36,476
Repairs and maintenance	95,454	97,636
Depreciation ((Note 3 (d))	372,187	54,284
Impairment of property, plant and equipment	-	90,474
Allowance for impairment on receivables (Note 17(b))	80,865	103,055
Amortisation	177	193
Technical and management fees ((Note 10(b))	2,275,200	648,281
Board and Directors expenses	225,529	301,602
Legal and consultancy fee	58,528	66,358
Rent and rates	9,046	5,249
Audit Fees (Note 10(a))	15,000	9,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Telephone, internet and subscription	26,890	27,362
Postages and stationery	16,198	6,736
Fuel and electricity	36,975	40,518
Travelling expenses	26,043	29,293
AGMexpenses	46,242	42,086
Merger Fee	534,266	-
Increase in Share Capital Expenses	74,335	-
Insurance	63,646	43,783
Donation	31,368	32,205
Foreign exchange loss	21,275	67,254
Bank charges	78,338	31,203
Fine	8,147	-
Other administrative expenses ((Note 10(c))	153,763	104,893
	5,008,797	**2,498,823**

a) Audit and non-audit services

i) Audit-services	Audit fees	15,000	9,000
	Audit expenses	3,858	2,181
ii) Non-audit services		-	-
		18,858	**11,181**

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, registration and listing fees and printing.

d) Change in classification

Comparative amounts in administrative expenses was reclassified for consistency which resulted in ₦99.9 million being reclassified from administrative expenses to finance income & cost. The reclassification did not have effect on the statement of profit or loss and financial position.

11 FINANCE INCOME AND COST

	2018 ₦'000	2017 ₦'000
a) Finance income		
Interest Income	12,607	2,858
Interest on defined benefit obligation	124,984	105,345
	137,591	**108,203**
b) Finance Expense		
Interest on borrowings	132,742	154,842
Less: amounts included in the cost of qualifying assets	-	(22,940)
	132,742	131,902
Interest on defined benefit obligation	287,757	256,260
	420,499	**388,162**
Net finance Expense	(282,907)	(279,959)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

12 Tax expense

(a) Current tax expense

	2018 ₦'000	2017 ₦'000
Company income tax	-	566,263
Minimum tax	1,716,392	-
Education tax	207,748	100,908
Total current tax expense	1,924,141	667,171
Deferred tax (credit)/expense	(63,793)	312,129
Total tax expense	**1,860,347**	**979,300**

(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 minimum tax on the profit for the year has been computed 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 current tax expense

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:

	2018 ₦'000	2017 ₦'000
Profit for the year before tax	7,591,667	4,203,154
Tax using the Company income tax rate of 30%	2,277,500	1,260,946
Effect of expenses that are taxable and non-taxable in determining taxable profit	837,798	252,342
Income Tax Exempt Profit	(280,167)	(11,975)
Education tax at 2% of assessable profit	207,748	100,908
Minimum Tax	1,716,392	-
Utilization of tax credit	(2,835,131)	(935,050)
Deferred tax (credit)/expense	(63,793)	312,129
Tax expense recognised in profit or loss	**1,860,347**	**979,300**
Effective rate (%)	25	23

The tax rate used for 2018 and 2017 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 under tax law in the country, for the year ended 31 December 2018: 2017.

13 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, with contributions based on the employees' emoluments in the ratio 8% by the employee and 11.5% by the employer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

	2018	2017
	₦'000	₦'000
Balance at beginning	76,079	86,433
Charge to profit or loss	184,711	173,511
Payments during the year	(213,022)	(183,865)
Balance at the end	47,768	76,079

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 2018, contributions of ₦ 47,767,646 (2017: ₦76,078,930) due in respect of the 2018 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 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 2018 by Ernst & Young. The present value of the plan and the related current service cost and past service cost, were measured using the Projected Unit Credit (PUC) Method.

In calculating the liabilities, the method:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

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:

Financial Year Ending	**2018**	**2017**
	%	%
Long Term Average Discount Rate (pa)	15.5	14
Average rate(s) of salary increase (pa)	12	12
Average Inflation rate (pa)	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 statement of financial position date, using an interest assumption (called the discount rate).

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

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

The weighted average liability duration for the plan is 5.45 years. The average weighted duration of the closest Nigerian Government bond as at 31th December, 2018 was 5.96 years with a gross redemption yield of 15.29%.

We are prudently adopting 15.5% p.a. as the discount rate for the current valuation.

Pay Increase

We are assuming on average that salaries will increase by a real 12% p.a.

ii. Demographic Assumptions

Mortality in Service

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER , 2018

Withdrawal from Service

Age Band	2018 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%

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

	2018 ₦'000	2017 ₦'000
Present value of the defined benefit plan	2,201,781	2,211,478
Fair value of plan assets	(946,545)	(971,529)
Funded Status	**1,255,236**	**1,239,949**

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

	2018 ₦'000	2017 ₦'000
Balance at beginning of the year	2,211,478	1,743,530
Current service cost	154,576	115,632
Interest cost	287,757	256,260
Acturial (gains)/losses - Change in assumption	(123,496)	157,426
Acturial (gains)/losses - Experience adjustment	(66,844)	163,124
Benefit Payment	(261,690)	(224,494)
Balance at end of the year	**2,201,781**	**2,211,478**

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

	2018 ₦'000	2017 ₦'000
Balance at beginning of the year	971,530	730,554
Contribution by employers	-	120,000
Benefits payment from the fund	(87,437)	-
Expected return on plan assets	124,984	105,345
Actuarial gain/(loss) on plan assets	(62,531)	15,631
Balance at end of the year	**946,545**	**971,530**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

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

	2018 ₦'000	2017 ₦'000
Current service cost (Employee cost)	154,576	115,632
Interest on obligation (Finance cost)	287,757	256,260
Income on plan assets (Finance income)	(124,984)	(105,345)
	317,349	**266,547**

Amounts recognised in Other Comprehensive Income are as follows:

Acturial (gain)/loss on defined benefit plan:		
- Change in Assumption	(123,496)	157,426
- Change in Experience adjustment	(66,844)	163,124
	(190,340)	320,550
Acturial (gain)/loss on Planned Assets during the year	62,531	(15,631)
	(127,809)	**304,919**

Net(Liability)/Asset recognized in the Statement of Financial Position

	₦'000	₦'000
Net (Liability)/Asset recognised in the Statement of Financial Position-Opening	1,239,949	1,012,976
Net Periodic Benefit Cost recognised in the Profit or loss	317,349	266,547
Benefit paid by employer during the year	(174,254)	(224,494)
Employer contribution	-	(120,000)
Amount recognised in Other Comprehensive income	(127,809)	304,919
	1,255,236	**1,239,949**

Sensitivity Analysis on Accrued Liability — **Accrued liabilities**

		2018 ₦'000	2017 ₦'000
Sensitivity Base	**Parameters**	2,201,781	2,208,515
Discount rate	+1%	2,128,111	2,119,502
	-1%	2,282,228	2,305,897
Salary Increase	+1%	2,293,438	2,316,829
	-1%	2,116,578	2,107,976
Mortality Experience	Age rated up by 1year	2,202,002	2,208,567
	Age rated down by 1year	2,201,583	2,208,467

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

14. PROPERTY, PLANT AND EQUIPMENTS

COST	LAND ₦'000	QUARRY ₦'000	BUILDING ₦'000	PLANT AND MACHINERY ₦'000	FURNITURE AND FITTINGS ₦'000	COMPUTER EQUIPMENT ₦'000	OFFICE EQUIPMENTS ₦'000	MOTOR VEHICLE ₦'000	TRUCKS ₦'000	CAPITAL WORK IN PROGRESS ₦'000	TOTAL ₦'000
Balance at 1 January 2018	55,330	378,157	836,933	10,999,511	195,581	82,356	564,601	214,410	750,000	3,485,901	17,562,781
Addition	-	-	5,590	78,350	3,245	5,309	28,926	89,905	1,693,067	3,614,075	5,518,466
Merger through Business Combination (See note 31)	-	-	-	204,075,000	-	-	-	-	-	-	204,075,000
Reclassification	159,042	-	274,089	6,565,540	248	-	101,056	-	-	(7,099,976)	-
Disposals	-	-	-	(49,352)	-	-	(299)	(49,160)	-	-	(98,812)
Impairment	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2018	**214,372**	**378,157**	**1,116,611**	**221,669,049**	**199,074**	**87,666**	**694,284**	**255,155**	**2,443,067**	**-**	**227,057,436**
Balance at 1 January 2017	55,330	377,357	643,430	10,390,305	163,386	79,979	593,339	221,087	-	2,725,963	15,250,176
Addition	-	800	2,303	1,001,583	1,597	2,378	2,072	19,440	750,000	793,381	2,573,554
Reclassification	-	-	212,772	(179,330)	30,810	-	(30,810)	-	-	(33,443)	-
Disposals	-	-	-	-	(213)	-	-	(16,467)	-	-	(16,679)
Impairment	-	-	(21,572)	(213,047)	-	-	-	(9,650)	-	-	(244,269)
Balance at 31 December 2017	**55,330**	**378,157**	**836,933**	**10,999,511**	**195,581**	**82,356**	**564,601**	**214,410**	**750,000**	**3,485,901**	**17,562,781**
DEPRECIATION	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Balance at 1 January 2018	-	39,473	208,215	4,315,455	186,871	76,501	257,374	154,306	-	-	5,238,195
Charge for the period	-	9,406	20,327	1,923,577	2,899	4,651	23,877	36,086	310,535	-	2,331,358
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(49,352)			(175)	(35,799)	-	-	(85,325)
Impairments	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2018		**48,878**	**228,542**	**6,189,680**	**189,770**	**81,153**	**281,076**	**154,593**	**310,535**		**7,484,227**
Balance at 1J anuary 2017	-	30,079	190,066	3,865,145	156,041	70,138	260,248	148,049	-	-	4,719,766
Charge for the period	-	9,394	18,149	597,787	2,857	6,363	25,312	27,424	-	-	687,286
Reclassification	-	-	-	-	28,185	-	(28,185)	-	-	-	-
Disposals	-	-	-	-	(212)	-	-	(14,849)	-	-	(15,062)
Impairments	-	-	-	(147,476)	-	-	-	(6,319)	-	-	(153,795)
Balance at 31 December 2017	**-**	**39,473**	**208,215**	**4,315,455**	**186,871**	**76,501**	**257,374**	**154,306**	**-**	**-**	**5,238,195**
CARRYING AMOUNT											
Balance at 31 December 2018	214,372	329,279	888,070	215,479,369	9,304	6,513	413,208	100,562	2,132,532	-	219,573,208
Balance at 31 December 2017	**55,330**	**338,685**	**628,718**	**6,684,056**	**8,710**	**5,855**	**307,227**	**60,105**	**750,000**	**3,485,901**	**12,324,586**

a) **Assets Pledged as Security**

All borrowings are secured by a debenture on all the fixed and floating assets of the company (See note 24 for further explanation).

b) **Reclassification**

This represents transfer between various classes of assets.

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

The Directors are of the opinion that the assets carrying value approximate its fair value, hence no impairment has been recognized on any of the assets as at reporting date.

d) **Depreciation for the year**

The depreciation charged for the year is apportioned as follows

	2018 ₦'000	2017 ₦'000
Cost of Sales	1,959,171	633,002
Administrative Expenses	372,187	54,284
	2,331,358	**687,286**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

15 INTANGIBLE ASSETS

		Software	Goodwill	Total
COST	**Note**	**₦'000**	**₦'000**	**₦'000**
Balance at 1 January 2018		8,997	-	8,997
Merger through Business Combination	31		110,890,268	110,890,268
Balance at 31 December 2018		**8,997**	**110,890,268**	**110,899,265**
Balance at 1 January 2017		8,997	-	8,997
Addition		-	-	-
Balance at 31 December 2017		**8,997**	-	**8,997**
AMORTISATION/IMPAIRMENT		**₦'000**	**₦'000**	**₦'000**
Balance at 1 January 2018		8,416	-	8,416
Amortisation/Impairment		177	-	177
Balance at 31 December 2018		**8,594**	-	**8,594**
Balance at 1 January 2017		8,223	-	8,223
Amortisation/Impairment		193	-	193
Balance at 31 December 2017		**8,416**	-	**8,416**
CARRYING AMOUNT				
Balance at 31 December 2018		**403**	**110,890,268**	**110,890,671**
Balance at 31 December 2017		**580**	-	**580**

15.1 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.

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.

15.2 Goodwill

Goodwill is part of identifiable assets resulted from the business combination with Kalambaina Cement Company Limited. See note 31 for additional disclosure.

i. Impairment testing for CGU containing Godwill

For the purpose of impairment testing, 'Goodwill acquired in a business combination is allocated to the cash- generating units ("CGU") that are expected to benefit from that business combination

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

There was no impairment loss on Goodwill recognised after the remeasurement as at reporting date.

The recoverable amount of this CGU was based on its value in use, determined by the discounted future cash flows to be generated from the continue use of the CGU. The carrying amount of the CGU (₦313.7 billion) was determined to be lower than the recoverable amount of ₦320.2 billion. Hence, an impairment loss was not recognised in statement of profit or loss (2017:Nil).

ii. The key assumptions used in the estimation of value in use were as follows:

	2018
	%
Discounted rate	15.5
Terminal value growth rate	6
Budgeted EBITDA growth rate (average of next four year)	1.29

The discount rate was a pre-tax measure based on the rate of 5-year government bonds issued by the government in the relevant market and in the same currency as the cashflows.

Five years of cashflows were included in the discounted cash flow model. A long term growth rate into perpetuity has been determined as the lower of the nominal gross domestic product rate and the long term compound annual EBITDA growth rate estimated by the management.

Budgeted EBITDA was based on the expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. The revenue growth was projected taking into account the average growth levels experienced over the past four years.

Following the annual test of impairment carried at the reporting date, the recoverable amount exceeded its estimated carrying amount by approximately ₦6.4 billion.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates beyond the first 5 years are based on country and industry growth forecasts.

16 INVENTORIES

	2018	**2017**
	₦'000	**₦'000**
Finished goods	254,795	66,214
Raw materials and consumables	4,458,271	1,085,381
Spare parts	2,976,369	2,593,217
Production work-in-progress	4,729,159	2,222,543
Goods-in-transit (Note(16(e))	223,718	548,480
	12,642,312	**6,515,835**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018 (CONT'D.)

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 ₦12.6 billion (2016: ₦8.7billion) and included in the cost of sales.

c) In addition, inventories have been reduced by ₦6.69 million (2017:Nil) as a result of write down to net realisable value. This write down was recognised as an expense in cost of sales during 2018.

d) As at 31 December 2018, 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

17 Trade and other receivables

	2018 ₦'000	2017 ₦'000
Tradereceivables	8,963	9,052
Allowance for impairment of trade receivables (Note 17 (b)(i))	(8,963)	(7,245)
Total financial assets other than cash and cash equivalents, Due from related companies classified as Amortised Cost	**(0)**	**1,807**
Prepayments (Note 17(c))	83,326	13,912
Due from related companies (Note 17(d))	2,144,522	890,620
Advances to suppliers (Note 17(e))	1,622,914	1,258,618
Advances to staff	39,086	23,788
Other receivables (Note 17(f))	33,082	17,199
Deposit for assets	121,432	468,067
Total trade and other receivables	**4,044,361**	**2,674,011**

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:	2018 ₦'000	2017 ₦'000
<30 days	-	-
30-180 days	-	1,807
180 days and above	8,963	7,245
	8,963	**9,052**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

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. See Note 5 for further disclosure on the company's credit risk policy.

		2018 ₦'000	2017 ₦'000
b)	**Allowance for impairment**		
	Movement in the Impairment allowance on Trade and Other Receivable are as follows:		
	Balance at beginning of the year	223,511	121,471
	Impairment allowance	80,865	103,055
	Reversal of Allowance	(88)	(1,015)
	Written Off	(85,563)	-
	Balance at end of the year	**218,724**	**223,511**
i)	Allowance for impairment is further analysed below		
	On trade receivables	8,963	7,245
	Advance to suppliers	187,079	108,021
	Related companies	10,618	10,618
	Other receivables	12,064	97,627
		218,724	**223,511**
c)	**Prepayments**		
	Prepayments represent internet subscriptions and rent		
d)	**Due from related companies**		
	Edo Cement Company Limited	10,618	10,618
	NOM (UK) Limited	736,513	308,505
	BUA International Limited	1,408,009	582,115
		2,155,140	901,238
	Allowance for impairment for amount due from related Company (Note17 (b)(i))	(10,618)	(10,618)
		2,144,522	**890,620**
e)	**Advances to suppliers**		
	Cash with suppliers	1,809,994	1,366,639
	Allowance for impairment of advance to suppliers (Note 17 (b)(i))	(187,079)	(108,021)
		1,622,914	**1,258,618**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

f) Other receivables

	2018 ₦'000	2017 ₦'000
Right issue costs	-	85,564
Nigerian Export Promotion Council	12,063	12,063
Insurance Claim	-	3,167
Negotiable Duty Certificate	14,023	14,023
Value Added Tax receivable	19,060	9
Allowance for impairment (Note 17 (b)(i))	(12,064)	(97,627)
	33,082	**17,199**

18 Cash and cash equivalents

	2018	2017
Bank	277,022	2,847,560
Short termdeposit (Note 18(a))	318,882	286,104
Cash and cash equivalents in the statement of financial position	595,904	3,133,664
Bank overdrafts repayable on demand	(102,050)	-
Cash and cash equivalents in the statement of cash flows	**493,854**	**3,133,664**

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.

c) As at year end, cash and cash equivalents comprised of restricted cash which represents unclaimed dividend amounting to ₦318.2 million (2017:₦285.4 million).

19 Share Capital

	2018	2017
Authorised:	**Unit**	**Unit**
Ordinary shares of 50k each	**13,143,500,970**	**6,536,711,080**
Issued and fully paid		
Ordinary shares of 50k each	**13,143,500,970**	**1,256,677,766**
Authorised:	**₦'000**	**₦'000**
Ordinary shares of 50k each		
Balance at the beginning of the year	3,268,356	3,268,356
Issued in Business combination (Note 19.1)	3,303,395	-
Balance at the end of the year	**6,571,750**	**3,268,356**
Issued and fully paid		
Ordinary shares of 50k each		
Balance at the beginning of the year	628,339	628,339
Issued in Business combination (Note 19.2)	5,943,412	-
Balance at the end of the year	**6,571,751**	**628,339**

All ordinary shares rank equally with regard to the Company's residual assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

19.1 Authorised share Capital

On 3 December 2018, the general meeting of board approved the increase from 6,536,711,080 to 13,143,500,970 by the creation of 6,606,789,890 new shares to rank paripassu in all respect and to form single class with the existing ordinary shares of the company.

19.2 Issued and fully paid Capital

During the year, Cement Company of Northern Nigeria Plc merged with Kalambaina Cement Company Ltd in which the CCNN issued its share of 19,811,372 at ₦26.48k per share for every 100,000 units held in Kalambaina Cement Company Ltd which resulted into additional subscription of 11,886,823,204 ordinary shares.

20 Share premium

	2018	2017
	₦'000	₦'000
Balance at the beginning of the year	3,513,606	3,513,606
Issued in Business combination (Note 19.2)	308,839,200	-
Balance at the end of the year	**312,352,806**	**3,513,606**

21 Other reserves

(a) Capital Restructuring Reserve

Balance at the beginning and at the end of the year	**120,933**	**120,933**

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.

(b) Reserve on actuarial valuation of defined benefit plan

	2018	2017
	₦'000	₦'000
Balance at the beginning of the year	(24,362)	280,557
Actuarial gain/(loss) on defined benefit plan	194,926	(320,550)
Actuarial gain/(loss) on planned assets during the year	(62,531)	15,631
Balance at the end of the year	**108,033**	**(24,362)**

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

22 Retained earnings

	2018 ₦'000	2017 ₦'000
Balance at the beginning of the year	10,173,691	6,949,837
Profit for the year	5,731,321	3,223,854
Dividend paid (Note35)	(1,570,847)	-
Balance at the end of the year	**14,334,165**	**10,173,691**

23 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2017:30%). 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:

	2018 ₦'000	2017 ₦'000
Balance, beginning of year	1,356,432	1,044,303
Provision for the year	(63,793)	312,129
Balance, end of year	**1,288,054**	**1,356,432**

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

	2018 ₦'000	2017 ₦'000
Analysis of deferred tax		
As per statement of financial position:		
Property, plant and equipments	1,750,896	1,825,849
Intangible assets	116	174
Trade and other receivables	(65,618)	(67,053)
Employee benefit scheme	(376,571)	(371,985)
Deferred revenue	(9,596)	(22,259)
Provisions	(11,174)	(8,294)
	1,288,053	**1,356,432**
As per profit or loss and other comprehensive income:		
Property, plant and equipments	(74,953)	394,316
Intangible assets	(58)	174
Trade and other receivables	1,435	(30,612)
Deferred revenue	12,663	11,123
Provisions	(2,880)	5,220
Employee benefit scheme	(4,586)	(68,092)
	(68,379)	**312,129**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

24 Borrowings

	2018 ₦'000	2017 ₦'000
Long term borrowings		
Bank of Industry-Term loan (Note 24 (d))	118,287	414,500
Short term borrowings		
Union Bank of Nigeria Plc	102,050	-
Polaris Bank Ltd (Formerly Skye Bank Plc)-Term Loan (Note 24(c))	-	48,890
Bank of Industry-Term Loan (Note 24 (d))	307,099	307,099
Total Current Borrowings	409,149	355,989
Total borrowings	**527,436**	**770,489**

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

	Average Interest Rate	Maturity	₦'000	₦'000
Union Bank of Nigeria Plc	19%	On Demand	102,050	-
Polaris Bank Ltd (Formerly Skye Bank Plc)-Te	16%	2nd July 2018	-	48,890
Bank of Industry-Term loan	10%	31 March 2020	425,386	721,599
			527,436	**770,489**

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

	₦'000
Year ended 31 December 2018	
Balance as at 1 January 2018	770,489
Additional borrowings	-
Repayments of borrowings	(387,313)
Movement in deferred revenue	42,210
Balance as at 31 December 2018	**425,386**
Year ended 31 December 2017	
Balance as at 1 January 2017	1,069,432
Additional borrowings	-
Repayments of borrowings	(384,459)
Movement in deferred revenue	85,517
Balance as at 31 December 2017	**770,489**

The maturity profile of borrowings is analysed below:	2018 ₦'000	2017 ₦'000
Due in the next one year	409,149	355,989
Due in the second year and above	118,287	414,500
	527,436	770,489

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

c) Polaris Bank Ltd (Formerly Skye Bank Plc) - 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. Polaris Bank Ltd has the first charge on the company asset debenture.

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 ₦1.2 billion. The difference of ₦179.8 million 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 25).

25 Deferred Revenue

a Deferred Revenue arising from Government Grant	2018 ₦'000	2017 ₦'000
Current	26,287	42,210
Non-current	5,701	31,988
	31,988	**74,198**

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 (See Note 24(d)). 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:	2018 ₦'000	2017 ₦'000
Balance as at 1 January	74,198	159,715
Amount unwind to other income	(42,210)	(85,517)
Balance as at 31 December	**31,988**	**74,198**

26 Trade and other payables

Trade payables	3,765,344	1,676,432
Other payables (Note 26 (a))	5,095,740	4,424,152
	8,861,084	**6,100,584**

a) Other payables		
Advance from customers	1,996,060	2,483,629
Unclaimed dividend (Note 26 (a)(i))	286,045	253,266
Salaries and wages payable	12,471	29,825
Accruals (Note 26(a) (ii))	692,457	590,736
Due to related parties (Note 26(b))	496,902	127,527
Provision for Directors Terminal Benefits	238,060	183,236
Other payables-tax and social security payments (Note 26 (a)(iii))	1,373,745	755,933
	5,095,740	**4,424,152**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

		2018 ₦'000	2017 ₦'000
i)	**Unclaimed Dividend**		
	Balance as at 1 January	253,266	170,651
	Refund from Company's Registrar	32,779	82,615
	Balance as at 31 December	**286,045**	**253,266**
ii)	**Accruals**		
	Audit fee payable	15,750	9,000
	Accrued expenses	650,534	544,752
	Others	26,173	36,984
		692,457	**590,736**
iii)	**Other payables–tax and social security payments**		
	Withholding tax payables	534,466	354,230
	Value added tax payable	745,495	275,122
	Pay As You Earn	22,399	33,495
	Industrial Trainning Fund	23,618	17,007
	Pension	47,768	76,079
		1,373,745	**755,933**
b)	**Due to related parties**		
	Damnaz Cement Company Limited (Note 30)	**496,902**	**127,527**

		2018 ₦'000	2017 ₦'000
27	**Income tax payable**		
	Tax as per statement of financial position		
	Balance at the beginning of the year		
	Income tax	566,263	259,186
	Education tax	100,908	45,681
		667,171	304,866
	Provision for the year		
	Income tax	-	566,263
	Minimum Tax	1,716,392	-
	Education Tax	207,748	100,908
		2,591,310	972,037
	Less: Payments during the year		
	Income tax	(234,678)	(259,186)
	Education tax	(98,908)	(45,681)
	Balance at the end of the year	**2,257,725**	**667,171**
28	**Provisions**		
	(Recultivation)		
	Balance as at 1 January	27,646	45,046
	Additional provisions made	9,600	9,600
	Amounts used during the year	-	(27,000)
	Balance as at 31 December	**37,246**	**27,646**

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, 2018

29 Contigent Liabilities, Guarantees and Financial Commitments

a) Contingent Liabilities

The company has only a case filed against it 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 details of the the current legal suit pending in the law court is stated below:

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.

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:

	2018 ₦'000	2017 ₦'000
Not later than 1 year	24,333	24,333

30. 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, NOM (UK) Limited and BUA Cement Company Ltd.

(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 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 incured 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, 2018

(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 outstanding 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 shares in Cement Company of Northern Nigeria Plc is held. Transactions with BUA International Limited during the year are stated in note 30 "b" and "c" .

(iv) NOM (UK) Ltd

This is a 100% owned subsidiary of BUA international Ltd. 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 outstanding amount is from the various transactions entered with the related party.

(v) BUA Cement Company Ltd

BUA Cement Company Limited is a majority shareholder of CCNN Plc and it currently holds 87.42% of the issued shares capital of Cement Company of Northern Nigeria Plc. BUA Cement Company Limited is ultimately owned by Alhaji Dr. Abdulsamad Rabiu,CON.

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

	2018 ₦'000	2017 ₦'000
Due from related entities		
***Loan to related entities:**		
BUA International Ltd	1,408,009	582,115
NOM (UK) Ltd	736,513	308,505
	2,144,522	**890,620**
Due to related entities		
Damnaz Cement Company Ltd	**496,902**	**127,527**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

(c) Terms and conditions of transactions with related parties

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

A total sum of ₦2,275,199,730 (other taxes inclusive) has been included in the profit or loss for the year (2017- ₦582,065,118) as Technical Service Agreement fees.

ii. They are also paid management service agreement fees in total sum of ₦74,161,736 (2017- ₦66,215,836).

iii. Damnaz Cement Company Ltd and BUA International Ltd were paid dividend of ₦864,199,334 during the year (2017: Nil).

iv. 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 31December 2018, the Company recorded an impairment of receivables of ₦10,617,951 owed by a related party (2017: ₦10,617,951). 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:

	2018 ₦'000	2017 ₦'000
Salaries and short term benefits	115,882	112,708
Post-employment benefits, pension and medical benefits	82,709	63,348
	198,591	**176, 056**

31 Business Combination

The Company applies the acquisition method for its business combination under common control. This requires the company to recognise the identified assets and liabilities at fair value at the date of acquisition, with the excess of the acquisition

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

cost over the identified fair value of recognised assets and liabilities as goodwill. In the reporting year, Cement Company of Northern Nigeria Plc merged with Kalambaina Cement Company Ltd to create an enlarged operations and business entity. However, the merger did not result to creation of goodwill.

31.1 Merger of Kalambaina Cement Company Ltd with CCNN

During the year, the Company sought and obtained shareholders' and regulatory approval to merge Kalambaina Cement Company Ltd into Cement Company of Northern Nigeria Plc effective on 24 December, 2018.

The merger was effected during the year and the operational integration of the entities has been finalised. The companies which were merged were ultimately controlled by the same party before and after the merger and Common control is therefore not transitory. Consequently, this is a business combination of entities under common control. The Directors have also elected to state the performance of the merged entities as if the merger had taken place at the beginning of the financial year (1 January 2018).

31.2 Under the terms of the scheme of merger, it is proposed that;

i All the assets, liabilities, licenses and undertakings of Kalambaina Cement, including employees, real property and intellectual property rights be transferred to CCNN.

ii The entire issued share capital of Kalambaina cement comprising 60,000,000 ordinary shares of N1.00 each be cancelled and the Kalambiana Cement dissolved without being wound up;

iii In consideration for the transfer of all the assets, liabilities and undertakings of Kalambaina Cement to CCNN, it is proposed that each shareholder in Kalambaina cement shall be entitled to received 19,811,372 scheme shares for every 100,000 Kalambaina Cement Shares held as at the terminal date.

Fractions of CCNN shares shall not be issued/allotted to the scheme shareholders. Where the exchange ratio results in a fraction of a share, such fraction shall be rounded up and credited to the relevant scheme shareholders as one (1) scheme share.

The merger is believed to present an opportunity to capture significant synergies for the benefit of the shareholders, stakeholders and the broader Nigeria economy.

Details of the transfer consideration, the fair value of net assets merged and remeasurement gain on the business combination are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

	2018 ₦'000
Transfer Consideration	
Ordinary Shares Issued	**314,782,612**
The identifiable assets recognised as a result of the merger were as follows;	
Property plant & equipment	204,075,000
Intangible assets-Goodwill	111,061,068
Identifiable assets transferred	315,136,068
Transfer to statement of profit or loss	(182,656)
Net Assest Transferred	**314,782,612**

The identifiable assets (property plant & equipment) were remeasured by an independent valuers.

There were no merger in the year ended 31 December, 2017.

32 Basic earnings per share

	2018 ₦'000	2017 ₦'000
Profit for the year	5,731,321	3,223,854
Number of shares (Note19)	13,143,501	1,256,678
Earnings per share (kobo)	**44**	**257**

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.

	₦'000	₦'000
Weighted number of ordinary shares for the purposes of diluted Earning per share	13,143,501	1,256,678
Diluted earnings per share (kobo)	**44**	**257**

33 Subsequent Events

On 23 March, 2018 a dividend of ₦0.40k per share was proposed by the directors for approval at the Annual General Meeting. This will result in a dividend payment of ₦5,257,400,388 once approved by the shareholders at the annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

34 Reconciliation of movements of Liabilities to cashflows arising from Financing Activities

	Borrowings	
	2018 ₦'000	2017 ₦'000
Opening Balance	770,489	1,117,872
Changes from Financing Cashflows		
Repayment of Borrowings	(387,313)	(384,459)
Non-Cash Changes		
Deferred Revenue	42,210	37,077
Other Changes		
Interest Expense	90,532	131,902
Interest Expense Capitalised	-	22,940
Interest Paid	(90,532)	(154,842)
	-	-
Closing Balance	**425,386**	**770,489**

35 Dividend paid and proposed

Declared and paid during the year:

Dividends on ordinary shares	1,570,847	-

Proposed for approval at the annual general meeting (not recognised as aliability as at 31 December):

Dividends on ordinary shares for 2018: ₦0. 40k (2017: ₦1.25k),	5,257,400	1,570,847
Dividends per share (Kobo)	40	125

36 Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 23 March, 2019.

(Other National Disclosure)
StateMent of Value Added
FOR THE YEAR ENDED 31 DECEMBER,2018

	2018 ₦'000	%	2017 ₦'000	%
Revenue	31,721,962		19,588,261	
Other operating income	243,492		103,214	
	31,965,455		19,691,475	
Less: Bought-in-materials and services (local and imported)	(19,417,930)		(12,679,355)	
Value Added	**12,547,524**	**100**	**7,012,120**	**100**
Value Added as % of Revenue	40%		36%	
Applied as follows:				
To pay employees' salaries, wages and fringe benefits	2,486,908	20	2,013,477	29
To pay providers of funds:				
Finance expenses	137,591	1	108,203	2
Dividend	5,257,400	42	1,570,847	22
To provide for maintenance of assets	2,331,358	19	687,286	10
To pay taxes to government	1,860,347	15	979,300	14
Retained for the year	473,921	4	1,653,007	24
	12,547,524	100	**7,012,120**	**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, 2018

STATEMENT OF FINANCIAL POSITION	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000
Assets					
Non-current assets	330,463,879	12,325,166	10,531,183	10,122,538	8,374,057
Current assets	17,282,577	12,323,510	9,499,039	7,024,345	7,405,956
Total assets	**347,746,456**	**24,648,676**	**20,030,222**	**17,146,883**	**15,780,012**
Liabilities					
Non-current liabilities	2,704,524	3,070,515	3,034,968	2,856,792	2,838,198
Current liabilities	11,554,244	7,165,954	5,501,982	4,145,323	3,496,155
Total liabilities	14,258,768	10,236,469	8,536,950	7,002,115	6,334,354
Net assets	**333,487,688**	**14,412,207**	**11,493,272**	**10,144,768**	**9,445,658**
Equity					
Share capital	6,571,751	628,339	628,339	628,339	628,339
Retained earnings	14,334,165	10,173,691	6,949,837	5,821,699	3,634,539
Other reserves	312,581,772	3,610,177	3,915,096	3,694,730	5,182,780
Total equity	**333,487,688**	**14,412,207**	**11,493,272**	**10,144,768**	**9,445,658**
STATEMENT OF PROFIT OR LOSS					
Revenue	31,721,962	19,588,261	14,087,553	13,037,847	15,119,051
Profit before Inome Taxes	7,591,667	4,203,154	1,740,522	1,549,597	2,476,772
Profit after Income Taxes	5,731,321	3,223,854	1,253,805	1,201,108	1,918,362
Per Share Data (50 kobo)					
Earnings - Basic	44	257	100	96	153
Earnings - Diluted	44	257	100	96	153
Dividend	40	125	-	10	35
Net Assets	3	1	915	807	752
Dividend Cover (Times)	1.1	2.1	-	9.6	4.4
Cement Deliveries (Tonnes)	742,224	467,707	488,495	404,377	472,329
Cement Production (Tonnes)	**764,506**	**466,220**	**485,799**	**395,438**	**468,662**

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.

d) Dividend cover are based on earnings per share and dividend per share

Incorporation and Share Capital History

The authorised and paid up share capital of CCNN was ₦3,200,000 at incorporation. As at 31 December 2018, the authorised share capital of the company was ₦6,571,750,485 divided into 13,143,500,970 Ordinary Shares of 50 kobo each. The issued share capital was ₦6,571,750,483 divided into 13,143,500,966 Ordinary Shares of 50 kobo each.

The changes in the share capital of the company since inception are summarized below:

Date	Authorised (₦)		Issued and fully paid (₦)		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	-	200,000,000	30,000,000	180,000,000	Loan conversion
1998	50,000,000	250,000,000	-	180,000,000	
2000	-	250,000,000	13,644,676	193,644,676	Debenture conversion
2000	125,000,000	375,000,000	-	193,644,676	
2001	-	375,000,000	174,280,209	367,924,885	Rights Issue
2002	130,000,000	505,000,000	-	367,924,885	
2003	-	505,000,000	117,826,106	485,750,991	Loan conversion
2004	-	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	-	555,000,000	7,264,764	541,671,451	Loan conversion
2006	200,000,000	755,000,000	-	541,671,451	
2007	-	755,000,000	86,667,432	628,338,885	Rights Issue
2012	2,513,355,540	3,268,355,540	-	628,338,885	
2018	3,303,394,945	6,571,750,485	5,943,411,600	6,571,750,483	Merger

2018 CORPORATE SOCIAL RESPONSIBILITY

During the reporting period, 2018, the Company undertook a number of corporate social responsibility projects, which are aimed at improving the relationship with its host communities. The company has continued to pay the annual scholarship grants to the fifty students from Sokoto, Kebbi and Zamfara states. It also donated uniforms and educational instructional materials to the Sabon Garin Alu primary school, in Wamakko Local Government. Customized exercise books were also produced and distributed to 50 primary schools in Sokoto, Kebbi and Zamfara states.

On health care, the Company distributed drugs and hospital equipment to six community clinics, namely, Wajeke, Kalambaina, Bakin Kusu, Arkilla, Sabon Garin Alu and Mobile Police clinic. These drugs are mainly for women and children and are for one year period. In addition, the company donated about 130 tons of cement to about 150 communities and villages in Sokoto state. The donation is for repairs of communal facilities like mosques, cemeteries, schools and town halls.

As part of the 2018 projects also, a mechanized borehole, with overhead tank and reticulation, was constructed for the Mobile Police, at their base in kalambaina. This is in fulfillment of the request made by the Force.

The company has continued to give the deserved attention to the Sokoto Cement Schools, which it is running 100% as part of the company's contribution to the educational development of Sokoto State. In 2018, the company equipped the three sciences laboratories and supplied all the needed facilities. The laboratories are now the best in all the secondary schools in the state.

The company believes that, its host communities are one of its biggest assets and will do its best to maintain the cordial relationship, through provision of amenities and programmes to the communities.

2018 CORPORATE SOCIAL RESPONSIBILITY In Pictures

Donation of customized Exercise books to 50 Primary Schools in Sokoto, Kebbi and Zamfara states

2018 CORPORATE SOCIAL RESPONSIBILITY In Pictures

Renovated Science Laboratory at Sokoto Cement 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:

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

Company Seal(if applicable)

Signature: ________ Signature: ________
Joint/Companys Signatories

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

40th Annual General Meeting to be held at 11:00 am on Thursday July 25, 2019 in Lagos/Osun Hall, Transcorp Hilton Hotel, No. 1 Aguiyi Ironsi Street, Maitama, Abuja.

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 25, 2019.

Dated this.........................day of......................................2019

Signature...

Number of Shares held			
Resolutions		**For**	**Against**
1.	Annual Report and Accounts, for the year ended 31 December 2018		
2.	To declare a dividend		
3.	To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election: Alhaji Kabiru Rabiu Alhaji Abubakar Magaji Mr. Finn Arnoldsen		
4.	To authorize the Director to fix the remuneration of the Auditors		
5.	To elect members of the Audit Committee		
6.	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 not later than 10:00 am on July 24, 2019. 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 40th Annual General Meeting of the Company to be held at 11:00 am on Thursday, July 25, 2019 in Lagos/Osun Hall, Transcorp Hilton Hotel, Abuja.

AHMED ALIYU ESQ.
Company Secretary

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

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

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

SOKOTO CEMENT RC 3111
CEMENT COMPANY OF NORTHERN NIGERIA PLC

Yaliam Press Ltd.: 08060010202, 09093232264