CEMENT COMPANY OF NORTHERN NIGERIA PLC

(RC:3111)

SOKOTO CEMENT

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30TH SEPTEMBER, 2019

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the company in the preparation of its Financial Statement.

BASIS OF PREPARATION

This Interim Financial Statement has been prepared in compliance with IAS 34 Interim Financial Reporting and relevant International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (the IASB).

These Financial Statements were 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 liability for defined benefit obligations is recognised as the present value of defined benefit obligation and related current service cost.

BASIS OF MEASUREMENT

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

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced either by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets. When such valuation models, with only observable market data as inputs, or the comparison with other observable current market transactions in the same instrument, indicate that the fair value differs from the transaction price, the initial difference, commonly referred to as day one profit or loss, and is recognized in profit or loss immediately. The company does not have any financial instruments (derivatives etc) that warrant valuation method.

The principal accounting policies applied in the presentation of the Financial Statements are set out below.

1. REVENUE

Revenue is measured based on the consideration specified in a contract with customers in other words revenue when sales occur and the products have been shipped to the specific location and either the Distributors has accepted the product in accordance with the sales contract or the Company has objective evidence that all criteria for acceptance have been satisfied.
Revenue is recognised when persuasive evidence exists that the significant risk and reward of ownership have been fully transferred to the buyer and recovery of 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.

2. COST OF GOODS SOLD

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

CEMENT COMPANY OF NORTHERN NIGERIA PLC
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3. SELLING AND DISTRIBUTION EXPENSES

Comprises the cost of marketing, the sales organization, and distribution logistics. It includes write downs of trade receivables.

4. FOREIGN CURRENCY

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognized in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation. However, the company does not have hedge as part of its financial instruments. Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognized in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.
The company does not have hedge as part of its financial instruments. Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognized in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

5. FINANCIAL INSTRUMENTS

Financial instruments represent the company's financial assets and liabilities. Financial assets and financial liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. These instruments are typically held for liquidity, investment, trading or hedging purposes. All financial instruments are initially recognized at fair value plus directly attributable transaction recognized immediately in profit or loss. Financial instruments are recognized (derecognized) on the date the company commits to purchase (sell) the instruments (trade date accounting). Financial assets include trade and other receivables, cash and bank balances and certain other assets. Financial liabilities include term loans, bank overdraft, trade and certain other liabilities. The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company's has not classified any of its financial assets as held to maturity.

Financial Assets

Financial assets are initially recognised at fair value plus directly attributable transaction cost. subsequent remeasurement is determined by the designation that is revisited at the reporting date.

Financial Asset classification

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial asset at which initial recognistion. On initial recognition, financial assets are classified and measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Asset 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 or 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 impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity Investment 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.

Impairment of financial instruments
The company assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial is impaired. A financial asset or a group of financial assets is impai and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the laibility.

Impairment of financial assets carried at amortised cost
The company assesses at each reporting date whether there is objective evidence that trade and other receivables are impaired. Trade and other receivable is impaired if objective evidence indicates that a loss event has occurred after initial recognition and that loss event has a negative effect on the estimated future cash flows of the receivables that can be estimated reliably. Criteria that are used by the company in determining whether there is objective evidence of impairment include:

- known cash flow difficulties experienced by the customer;
- a breach of contract, such as default or delinquency in repayment for goods and service;
- breaches of credit terms or conditions and;
- it is becoming probable that the customer will enter bankruptcy or other financial reorganisation.

Derecognition of financial instruments
Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired, or where the company has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the company is recognized as a separate asset or liability. Financial liabilities are derecognized when they are extinguished, i.e. when the obligation is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an an existing financial liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts being recognized in profit or loss.

Subsequent measurement
Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classifications.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Trade and Other Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company's will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income.
On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

ii. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Financial Liabilities

Financial liabilities are intially recognised at fair value when the company becomes a party to a contractual provisions of liability.
Financial liabilities are classified as measured at amortised cost or fair value through profit or loss.
Financial liabilities are classified as 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 gain and losses including any interest expenses are recognised in profit or loss.
Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method or invoice price where discounting is not significant. Interest expenses 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 includes Trade and other payables and borrowings.

i. Bank borrowings

Bank borrowings are initially recognized at fair value net of any transaction costs directly

measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the attributable to the issue of the instrument. Such interest bearing liabilities are subsequently liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs, as well as any interest payable while the liability is outstanding.

ii. Trade payables and other short-term monetary liabilities

This are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method.

6. RETIREMENT BENEFITS:

The company operates two schemes for its employees:

Defined Contribution Pension Schemes

The company operates a defined pension contribution plans, based on a percentage of pensionable earnings funded by both employer company (11.5%) and employees (8%), the fund of which are generally administered by Pension Fund Administrators. Contributions to these plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit schemes

Employees' end of service gratuities are regarded as post employment benefits. Estimates of terminal benefits obligation are calculated periodically with the assistance of independent actuaries using the projected unit credit method. This method considers best estimate acturial assumptions including the probable future length of the employees service, the employees final pay, the expected average life expectancy and probable turnover of beneficiaries.

Short term benefits

These include benefit obligation such as salaries, bonuses and other allowances for current employees measured on an undiscounted and recognised and expensed by the Company in the company's profi or loss as the employeess render such services.

7. INTANGIBLE ASSETS

Goodwill

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

Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognized as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the company and have a probable future economic benefit beyond one year, are recognized as intangible assets. Direct computer software development costs recognized as intangible assets are amortised on the straight-line basis at rates appropriate to the expected useful lives of the assets (two to ten years) from the date that the assets are available for use, and are carried at cost less accumulated amortisation and accumulated impairment losses. The carrying amount of capitalized computer software is reviewed annually and is written down when impaired.

8. CURRENT TAXATION

Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

9. DEFERRED TAXATION

Deferred tax is recognized where the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Recognition of deferred tax is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

10. DIVIDENDS

Dividends are recognized when they become legally payable. Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividend is approved by the company's shareholders at the AGM or when paid.

11. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. The Company reviews its property, plant and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recorded in the statement of comprehensive income, the company makes

carrying value of property, plant and equipment. Accordingly, provision for impairment is made when there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment. Land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which reporting period. Changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the transaction, is recognized in profit or loss. credit balance on the revaluation reserve, or reversal of such would be determined using fair value at the end of the Land is not depreciated. Quarry land is depreciated on a straight line basis over the estimated period of use. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

It is provided at the following rates:	**Years of useful lives**
Land	Not depreciated
Quarry	25 years
Buildings	40 years
Plant and Machinery	3 - 40 years
Furniture and Fittings	5 years
Office Equipments	3 - 5 years
Motor vehicles	4 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is charged to income in the year the asset is derecognized. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. Maintenance and normal repairs are charged to income as and when incurred. Assets having cost of less than a pre-determined material amount are charged off when purchased. On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

life of an asset and its residual value, if any, are reviewed annually.

12. 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 fixed assets in the course of their erection, installation and acquisition. This includes cost of construction, plant and equipment and other direct costs plus borrowing costs which includes interest charges used to finance these projects during the construction period to the extent that they are regarded as an adjustment to borrowing costs. Capital work-in-progress is not depreciated until such time as the assets are completed and ready for operational use which are transferred to the relevant category of property, plant and equipment and depreciated in accordance with the depreciation policy.

13. INVENTORIES

Inventories are stated at the lower of cost and net realizable 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, spare parts and consumables: Actual costs include transportation, handling charges and other related costs.
- Work in progress and finished goods: Cost of direct materials, direct labour and other direct cost plus attributable overheads based on standard costing.
- Finished Goods: Direct cost plus all production overheads.

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal. 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. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

14. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include:

- Entities over which the company exercises significant influence
- Shareholders and key management personnel of the company.
- Close family members of key management personnel
- Post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the company. The company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using the current market price or admissible valuation methods.

of the company. The company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using the current market price or admissible valuation methods.

15. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the company by the weighted average number of ordinary shares outstanding at the statement of financial position date.

16. PROVISIONS

A Provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of

identifiable future payment obligations, risks, and uncertain obligations of the company resulting from current legal or constructive obligations arising from past events where the amount of the obligation can be measured reliably. Such other provisions are mainly due within one year.

17. LEASES

Lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for a consideration. The asset that is subject of a lease must be specifically identified while the right to control the asset for a period of time must be conveyed on the party who pays consideration. Leases include Long Term Leases of Land, Leases of Investment Properties, Sub-Leases, Leases of Inventories, Derivatives embedded in a Lease, Short Term Leases and Low Value Leases.

Short Term Leases are leases with lease term of 12 months and below. The company leases various retail outlets, offices and warehouses with lease term of 12 months and below under non-cancellable lease agreements. These agreements are renewable at the end of the lease period at market rate. The company recognises lease payments associated with these lease as an expenses on a straight line basis over the lease term.

18. BORROWING COSTS CAPITALISED

Borrowing costs that relate to qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value, are capitalized. All other borrowing costs are recognized in profit or loss.

19. COMPARATIVE FIGURES

Where necessary, comparative figures with notes have been restated to conform to changes in presentation in the current year.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED

	Notes	30TH SEPT, 2019 =N=	UNAUDITED 30TH SEPT, 2018 =N=
Revenue	5	42,514,423,087	19,571,817,899
Cost of Sales	21	(24,035,111,147)	(10,941,946,457)
Gross Profit		**18,479,311,940**	**8,629,871,442**
Other Income	18	128,061,294	17,273,762
Selling and Distribution Costs	20	(2,620,521,560)	(965,215,541)
Administrative Expenses		(4,210,244,108)	(1,924,128,168)
Net Finance Costs	19	(92,283,977)	(28,816,125)
Profit Before Income Taxes		**11,684,323,588**	**5,728,985,369**
	16	(2,921,082,157)	(1,718,839,656)
Profit After Income Taxes		**8,763,241,431**	**4,010,145,713**
Other Comprehensive Income:			
Total Comprehensive Income		**8,763,241,431**	**4,010,145,713**
Basic Earnings Per Share (Kobo)	11	**67**	**319**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED

		UNAUDITED
	30TH SEPT, 2019	**30TH SEPT, 2018**
	=N=	**=N=**
Revenue	10,366,054,958	7,487,248,301
Cost of Sales	(6,275,652,578)	(4,322,632,714)
Gross Profit	**4,090,402,380**	**3,164,615,587**
Other Income	43,754,270	(646,705)
Selling and Distribution Costs	(628,645,459)	(408,092,449)
Administratives Expenses	(1,485,825,479)	(688,688,755)
Net Finance Costs	(46,580,443)	2,150,604
Profit Before Income Taxes	**1,973,105,268**	**2,069,338,283**
Income Taxes	(493,276,329)	(662,188,243)
Profit After Income Taxes	**1,479,828,939**	**1,407,150,040**
Other Comprehensive Income:		
Total Comprehensive Income	**1,479,828,939**	**1,407,150,040**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF FINANCIAL POSITION AS AT

	Notes	30TH SEPT, 2019 =N=	AUDITED 31ST DECEMBER, 2018 =N=
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipments	3	221,724,830,184	219,573,208,000
Intangible Assets	2	110,890,887,232	110,890,671,000
Total Non-Current Assets		**332,615,717,416**	**330,463,879,000**
CURRENT ASSETS			
Inventories	4	15,718,573,346	12,642,312,000
Trade and Other Receivables	6	4,905,850,632	4,044,361,000
Cash and Short Term Deposits	7	1,943,029,277	595,904,000
Total Current Assets		**22,567,453,254**	**17,282,577,000**
TOTAL ASSETS		**355,183,170,671**	**347,746,456,000**
EQUITY			
Share Capital	8	6,571,750,885	6,571,751,000
Share Premium	9a	312,352,806,409	312,352,806,000
Retained Earnings		17,840,445,991	14,334,165,000
Other Reserves	9b	228,965,727	228,966,000
Total Equity		**336,993,969,012**	**333,487,688,000**
LIABILITIES AND EQUITY			
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred Income Tax Liabilities	17	1,288,053,858	1,288,054,000
Borrowings	10	91,058,005	118,287,000
Deferred Revenue		5,701,000	5,701,000
Employee Benefit Liability	12	947,700,921	1,255,236,000
Provision	14	44,445,772	37,246,000
Total Non-Current Liabilities		**2,376,959,556**	**2,704,524,000**
CURRENT LIABILITIES			
Trade and Other Payables	13	11,555,337,722	8,861,084,000
Income Tax Liability	16	4,084,692,106	2,257,725,000
longterm borrowings	10	145,925,275	409,149,000
Deferred Revenue		26,287,000	26,287,000
Total Current Liabilities		**15,812,242,103**	**11,554,245,000**
Total Liabilities		**18,189,201,660**	**14,258,769,000**
TOTAL LIABILITIES AND EQUITY		**355,183,170,671**	**347,746,457,000**

The financial statements and notes on pages 12 to 26 were approved by the Board of Directors on October 23, 2019 and signed on its behalf by:

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

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

CEMENT COMPANY OF NORTHERN NIGERIA PLC

UNAUDITED

STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2019

	SHARE CAPITAL	SHARE PREMIUM	CAPITAL RESTRUCTURING RESERVE	RESERVE ON ACTUARIAL VALUATION OF DEFINED BENEFIT PLAN	RETAINED EARNINGS	TOTAL EQUITY
	=N=	=N=			=N=	=N=
Balance at 1 January 2019	**6,571,750,885**	**312,352,806,409**	**120,932,727**	**108,033,000**	**14,334,165,000**	**333,487,688,021**
Profit for the period	-	-	-	-	8,763,241,431	8,763,241,431
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income	**-**	**-**	**-**	**-**	**8,763,241,431**	**8,763,241,431**
Transactions with owners						
Dividend paid	**-**	**-**	-	-	**(5,257,400,386)**	(5,257,400,386)
Balance at 30 Sept, 2019	**6,571,750,885**	**312,352,806,409**	**120,932,727**	**108,033,000**	**17,840,445,991**	**336,993,969,012**
Balance at 1 January 2018	**628,338,885**	**3,513,606,409**	**120,932,727**	**(24,362,000)**	**10,173,690,169**	**14,412,206,190**
Profit for the period	-	-	-	-	4,010,145,713	4,010,145,713
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income	**-**	**-**	**-**	**-**	**4,010,145,713**	**4,010,145,713**
Transactions with owners						
Dividend paid	-	-	-	-	(1,570,847,208)	(1,570,847,208)
Balance at 30 September 2018	**628,338,885**	**3,513,606,409**	**120,932,727**	**(24,362,000)**	**12,612,988,674**	**16,851,504,695**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

UNAUDITED

STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30TH SEPTEMBER, 2019

	SHARE CAPITAL	SHARE PREMIUM	CAPITAL RESTRUCTURING RESERVE	RESERVE ON ACTUARIAL VALUATION OF DEFINED BENEFIT PLAN	RETAINED EARNINGS	TOTAL EQUITY
	=N=	=N=	=N=	=N=	=N=	=N=
Balance at 1 July 2019	**6,571,750,885**	**312,352,806,409**	**120,932,727**	**108,033,000**	**21,617,979,156**	**340,771,502,177**
Profit for the period three month	-	-	-	-	1,479,828,939	1,479,828,939
Other comprehensive income for the period	-	-	-	-		-
Total Comprehensive Income	**6,571,750,885**	**312,352,806,409**	**120,932,727**	**108,033,000**	**23,097,808,095**	**342,251,331,116**
Transactions with owners						
Dividend paid	-	-			(5,257,400,386)	(5,257,400,386)
Balance at 30 September 2019	**6,571,750,885**	**312,352,806,409**	**120,932,727**	**108,033,000**	**17,840,445,991**	**336,993,969,012**
Balance at 1 July 2018	**628,338,885**	**3,513,606,409**	**120,932,727**	**(24,362,000)**	**12,776,685,842**	**17,015,201,863**
Profit for the period three month	-	-	-	-	1,407,150,040	1,407,150,040
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income	**628,338,885**	**3,513,606,409**	**120,932,727**	**(24,362,000)**	**14,183,835,882**	**18,422,351,903**
Transactions with owners						
Dividend paid	-	-	-	-	(1,570,847,208)	(1,570,847,208)
Balance at 30 September 2018	**628,338,885**	**3,513,606,409**	**120,932,727**	**(24,362,000)**	**12,612,988,674**	**16,851,504,695**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED

		UNAUDITED
	30TH SEPT, 2019	**30TH SEPT, 2018**
	=N=	**=N=**
Cash Flows From Operating Activities		
Profit before income taxes	11,684,323,588	5,728,985,369
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	5,543,551,955	710,972,832
Amortisation and impairment of intangible assets	151,485	128,944
Profit/loss on disposal of Property, plant & equipment	-	5,875,335
Operating profit before working capital changes	**17,228,027,029**	**6,445,962,480**
Working Capital Adjustments:		
(Increase)/Decrease in trade and other receivables	(861,489,632)	(2,007,570,887)
(Increase)/Decrease in inventories	(3,076,261,346)	(4,188,464,541)
Increase/(Decrease) in trade and other payables	2,694,253,722	2,133,227,002
Increase/(Decrease) in provisions	7,199,772	7,200,000
Increase/(Decrease) in End of Service Benefit	(307,535,079)	(25,712,299)
Cash generated from operations	**15,684,194,467**	**2,364,641,754**
Tax paid	(1,094,114,795)	(112,195,209)
Net cash flow from operating activities	**14,590,079,672**	**2,252,446,545**
Investing Activities		
Purchase of property, plant and equipment	(7,695,173,842)	(2,931,411,061)
Intangible assets	-	0
Proceeds from disposal(Noncurrent assets & scrap)		4,169,438
Net cash flows used in investing activities	**(7,695,173,842)**	**(2,927,241,623)**
Financing Activities		
Dividend paid to equity holders	(5,257,400,386)	(1,570,847,208)
Loan Received	-	-
Repayment of borrowings	(290,380,166)	(266,380,884)
Net cash flows used in financing activities	**(5,547,780,553)**	**(1,837,228,091)**
Net increase in cash and cash equivalents	1,347,125,277	(2,512,023,169)
Cash and cash equivalents at Beginning	595,904,000	3,133,663,791
Cash and cash equivalents at End (Note 7)	**1,943,029,277**	**621,640,622**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019
1. KEY MANAGEMENT ASSUMPTIONS

In preparing the Financial Statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances.
No material changes to assumptions have occurred during the period.

2. INTANGIBLE ASSETS

	SOFTWARE LICENSE	GOODWILL	TOTAL
Cost	=N=	=N=	=N=
Balance at 1 January 2019	**8,996,654**	110,890,267,969	110,899,264,623
Addition	367,500		367,500
Disposals	-		
Balance at 30 September 2019	**9,364,154**	**110,890,267,969**	**110,899,632,123**
Balance at 1 January 2018	**8,996,654**	-	8,996,654
Addition	-	110,890,267,969	110,890,267,969
Disposals	-		
Balance at 31 December 2018	**8,996,654**	**110,890,267,969**	**110,899,264,623**
Amortisation			
Balance at 1 January 2019	**8,593,405**	-	8,593,405
Amortisation	151,485	-	151,485
Balance at 30 September 2019	**8,744,890**	**-**	**8,744,890**
Balance at 1 January 2018	8,416,405	-	8,416,405
Amortisation	**177,000**	-	177,000
Balance at 31 December 2018	**8,593,405**	**-**	**8,593,405**
NET BOOK VALUE			
Balance at 30 September 2019	**619,264**	**110,890,267,969**	**110,890,887,233**
Balance at 31 December 2018	**403,249**	**110,890,267,969**	**110,890,671,218**

Intangible assets represent software license and Goodwill arising from business combination.

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 license have been acquired with the option to renew at the end of the period.

Goodwill
Goodwil is part of identifiable assets that resulted from business combination with Kalambaina Cement Company Limited. For the purpose of impairment testing, Goodwill is tested for impairment, annually.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

3. PROPERTY, PLANT & EQUIPMENTS

COST / VALUATION	LAND =N=	QUARRY =N=	BUILDING =N=	PLANT AND MACHINERY =N=	FURNITURE & FITTINGS =N=	COMPUTER EQUIPMENTS	OFFICE EQIPMENTS =N=	MOTOR VEHICLE =N=	TRUCKS	CAPITAL WORK IN PROGRESS =N=	TOTAL =N=
Balance at 1 January 2019	214,372,066	378,157,471	1,116,611,287	221,669,049,021	199,073,732	87,665,251	694,284,149	255,155,318	2,443,067,000	-	227,057,435,295
Addition	40,550,000	1,085,175,658	59,460,815	121,885,087	5,853,738	10,543,461	14,724,118	106,980,550	6,250,000,000	414	7,695,173,842
Disposals	-	-	-	-	-		-	-		-	-
Impairments	-	-	-	-	-		-	-		-	-
Balance at 30 September 2019	**254,922,066**	**1,463,333,129**	**1,176,072,102**	**221,790,934,108**	**204,927,470**	**98,208,712**	**709,008,267**	**362,135,868**	**8,693,067,000**	**399**	**234,752,609,137**
Balance at 1 January 2018	55,330,066	378,157,471	836,932,753	10,999,511,021	195,580,732	82,356,251	564,601,149	214,410,318	750,000,000	3,485,901,000	17,562,780,761
Addition	-	-	5,589,534	78,350,000	3,245,000	5,309,000	28,926,000	89,905,000	1,693,067,000	3,614,075,000	5,518,466,534
Merger Through Business Combination				204,075,000,000	-	-	-	-	-	-	204,075,000,000
Reclassification	159,042,000	-	274,089,000	6,565,540,000	248,000	-	101,056,000	-	-	(7,099,976,000)	(1,000)
Disposals	-	-	-	(49,352,000)	-	-	(299,000)	(49,160,000)	-	-	(98,811,000)
Impairment	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2018	**214,372,066**	**378,157,471**	**1,116,611,287**	**221,669,049,021**	**199,073,732**	**87,665,251**	**694,284,149**	**255,155,318**	**2,443,067,000**	**-**	**227,057,435,295**
ACCUMULATED DEPRECIATION											
Balance at 1 January 2019	-	48,878,886	228,541,969	6,189,680,400	189,769,856	81,152,466	281,075,899	154,592,521	310,535,000	-	7,484,226,997
Charge for the period	-	12,459,539	16,021,544	4,236,936,196	2,769,800	4,017,068	21,836,122	36,229,046	1,213,282,641	-	5,543,551,956
Disposals	-	-	-		-		-	-		-	-
Impairments	-	-	-	-	-		-	-		-	-
Balance at 30 September 2019	**-**	**61,338,425**	**244,563,513**	**10,426,616,596**	**192,539,656**	**85,169,534**	**302,912,021**	**190,821,567**	**1,523,817,641**	**-**	**13,027,778,953**
Balance at 1 January 2018	-	39,472,886	208,214,969	4,315,455,400	186,870,856	76,501,466	257,373,899	154,305,521	-	-	5,238,194,997
Charge for the period	-	9,406,000	20,327,000	1,923,577,000	2,899,000	4,651,000	23,877,000	36,086,000	310,535,000	-	2,331,358,000
	-	-	-	-	-	-	-	-	-		
Disposals	-	-	-	(49,352,000)	-	-	(175,000)	(35,799,000)	-	-	(85,326,000)
Impairments	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2018	**-**	**48,878,886**	**228,541,969**	**6,189,680,400**	**189,769,856**	**81,152,466**	**281,075,899**	**154,592,521**	**310,535,000**	**-**	**7,484,226,997**
NET BOOK VALUE											
Balance at 30 September 2019	**254,922,066**	**1,401,994,704**	**931,508,589**	**211,364,317,512**	**12,387,814**	**13,039,178**	**406,096,246**	**171,314,301**	**7,169,249,359**	**399**	**221,724,830,184**
Balance at 31 December 2018	**214,372,066**	**329,278,585**	**888,069,318**	**215,479,368,621**	**9,303,876**	**6,512,785**	**413,208,250**	**100,562,797**	**2,132,532,000**	**-**	**219,573,208,298**

3.1
Revaluation of Property, Plant and Equipment
No recent revaluation has been done by the company. The Directors are of the opinion that the carrying value of Property, Plant & Machinery approximate its fair value.

3.2 **Depreciation charged during the year are included in:**	**30 September, 2019** **=N=**	**30 September, 2018** **=N=**
Cost of Sales	4,270,163,818	456,247,144
Administrative Expenses	1,273,388,138	254,725,688
	5,543,551,956	**710,972,832**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

4. INVENTORIES	**30 September, 2019**	**31 December, 2018**
	=N=	**=N=**
Raw Materials and Consumables	3,677,348,264	4,458,271,000
Spare Parts	3,868,843,489	2,976,369,000
Production Work-in-Progress	6,055,581,953	4,729,159,000
Finished Goods	279,816,898	254,795,000
Goods-in-transit	1,836,982,741	223,718,000
	15,718,573,346	**12,642,312,000**

There are no amount of write-down of inventories recognised as an expense during the period.
None of the inventories of the company were pledged as security for loans as at the reporting date.

5. REVENUE	**30 September, 2019**	**30 September, 2018**
Sale of Cement	48,640,250,514	21,321,050,199
Less: Discount	(6,125,827,427)	(1,749,232,300)
Sale of Cement	42,514,423,087	19,571,817,899

6. TRADE AND OTHER RECEIVABLES	**30 September, 2019**	**31 December, 2018**
	=N=	**=N=**
Trade Receivables	178,990,669	8,963,000
Impairment Allowance	(8,963,177)	(8,963,000)
	170,027,492	-
Other Receivables		
Advance to Suppliers	2,081,268,303	1,622,914,000
Prepayments	329,905,195	83,326,000
Deposit for assets	-	121,432,000
Staff Debtors	31,747,399	39,086,000
Receivables from other related companies	2,266,815,775	2,144,522,000
Sundry Debtors	26,086,468	33,082,000
	4,735,823,140	**4,044,362,000**
Impairment Allowance	-	-
	4,735,823,140	4,044,362,000
	4,905,850,632	**4,044,362,000**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
The Company strictly deals on cash and carry basis policies with the exception of three corporate client in the construction industry whom have a corporate guaranteed bond in place with a spelt out pre-agreed credit terms. Trade Receivables are not interest bearing.
The average credit period of the company's sales is 30days. The company has financial risk management policies in place to ensure that all receivables are received within the pre-agreed credit terms.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019
6. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table provides details on the age of trade and other receivables:

	30 September, 2019	31 December, 2018
	=N=	=N=
Neither Past Due nor impaired	-	-
30 - 180 days due	170,027,492	-
Above 180 days due	8,963,177	8,963,000
	178,990,669	**8,963,000**

There are no movement in allowance for doubtful debts.

	30 September, 2019	31 December, 2018
	=N=	=N=
Current Account	1,674,536,907	277,022,000
Deposit Account	681,092	-
Unclaimed Dividend	267,811,278	318,882,000
	1,943,029,277	**595,904,000**

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.

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.

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following as at:

	30 September, 2019	31 December, 2018
	=N=	=N=
Current Account	1,942,348,185	595,904,000
Deposit Account	681,092	-
	1,943,029,277	595,904,000
Bank Overdraft	-	(102,050,000)
	1,943,029,277	**493,854,000**

8. SHARE CAPITAL

8.1 Authorised

13,143,500,970 Ordinary shares of 50k each (2012 - 6,536,711,080 Ordinary shares of 50k each)	**13,143,500,970**	**13,143,500,970**

8.2 Issued and fully paid

13,143,500,970 Ordinary shares of 50k each (2012 - 6,536,711,080 Ordinary shares of 50k each)	**6,571,750,885**	**6,571,750,885**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

8.3 Increase in Authorised Share Capital
The authorised share capital of the company was increased from N628,338,885.00 which consist of 1,256,667,770 ordinary shares of N0.50k each on 29/11/2018 by a special resolution of members at a court ordered meeting to N6,571,750,485.00 consisting of 13,143,500,966 ordinary shares of N0.50k each , all shares ranking parri-passu.

9a. Share Premium	**30 September, 2019**	**31 December, 2018**
At the beginning and at the end of the period	312,352,806,409	312,352,806,409
b. OTHER RESERVES		
	120,932,727	120,932,727
Reserve on Actuarial Valuation of Defined Benefit Plan		
Balance at the beginning of the year	108,033,000	(24,362,000)
Actuarial gain/(loss) on defined benefit plan	-	194,926,000
Actuarial gain/(loss) on planned assets during the year	-	(62,531,000)
Balance at the end of the year	108,033,000	108,033,000
Total	**228,965,727**	**228,965,727**

Nature and Purpose of Reserves

9.1. Share Premium

Represent excess cash proceed on new issue of shares and right issue over years.

9.3. Capital Restructuring Reserve
Capital restructuring reserves was created as result of the new plant installed in 1984/1985.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

10. BORROWINGS	30 September, 2019 =N=	31 December, 2018 =N=
Bank of Industry - Term Loan	91,058,005	118,287,000
Total Non-Current Borrowings	**91,058,005**	**118,287,000**

Current Borrowings

Skye Bank Plc - Term Loan		-
	-	-
Union Bank Plc - Trade Finance Facility	-	-
Bank of Industry - Term Loan	145,925,275	307,099,200
Total Current Borrowings	**145,925,275**	**307,099,200**
	236,983,280	**425,386,200**

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

	Average Interest Rate	Maturity	=N=	=N=
Skye Bank Plc - Term Loan	18%	2 July 2018	-	-
Skye Bank Plc - Term Loan	18%	2 July 2018	-	-
Skye Bank Plc - Overdraft	16%	On Demand	-	-
Union Bank of Nigeria Plc - Trade Finance F	18%	31 December 2016	-	102,050,000
Bank of Industry - Term Loan	10%	31 March 2020	236,983,280	425,386,200
Bank of Industry - Term Loan	10%	31 March 2020	-	-
			236,983,280	**527,436,200**

Movement in borrowings are analysed as follows excluding overdraft:

Period Ended 30 September 2019	
Opening amount as at 1 January 2019	425,386,000
Additional borrowings	102,050,000
Repayments of borrowings	(290,452,720)
Movement in deferred revenue	-
Closing amount as at 30 September 2019	**236,983,280**
Year Ended 31 December 2018	
Opening amount as at 1 January 2018	770,489,000
Additional borrowings	-
Repayments of borrowings	(387,313,000)
Deferred Revenue on Government Grant-BOI	42,210,000
Closing amount as at 31 December 2018	**425,386,000**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

10. BORROWINGS (CONTINUED)

10.1 BANK OVERDRAFT	**30 September, 2019**	**31 December, 2018**
	=N=	**=N=**
Union Bank Plc Bank Plc	-	102,050,000
	-	**102,050,000**

Skye Bank Plc - Term Loans
The facilities were sourced to finance acquisition of Property, Plant & Equipment . The facilities are secured against the floating assets debenture of the company. Skye Bank Plc has the first charge on the company asset

Skye Bank Plc - Overdraft
The Bank overdraft is also secured against the floating assets debenture of the company.

Bank of Industry (BOI) - Term Loans
The facilities were obtained to replace the Plant Electronic Precipitator Filter and to acquire dump trucks for the company's operations. The loans are guaranteed by Skye Bank Plc (formerly Mainstreet Bank Ltd).

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

	30 September, 2019	**30 September, 2018**
	=N=	**=N=**
Net profit attributable to ordinary equity holders	8,763,241,431	4,010,145,713
	Number	**Number**
Weighted average number of ordinary shares	13,143,500,970	1,256,677,770
Basic Earning Per Ordinary Shares (kobo)	**67**	**319**

Diluted earnings per ordinary shares
The Company has no dilutive instruments.

12. EMPLOYEE BENEFITS OBLIGATION	**30 September, 2019**	**31 December, 2018**
	=N=	**=N=**
Present value of defined benefit plan	2,238,252,446	2,201,781,000
Plan asset	(1,290,551,525)	(946,545,000)
Funded Status	**947,700,921**	**1,255,236,000**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

12. EMPLOYEE BENEFITS OBLIGATION (CONTINUED)

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

The company's contributions to this scheme is charged to the profit and 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.

The Company also has a retirement benefits policy (unfunded) for all its full-time employees who have served the company for a minimum of 5years and above. The company has a post-retirement programme for any employee who has attained the terminal age limit of 60years.
The following tables summarise the movement in the retirement benefit as recognised in the income statement and the funded status and amounts recognised in the statement of financial position:

	30 September, 2019	31 December, 2018
	=N=	=N=
As at beginning	2,201,781,000	2,211,478,000
Current service cost	80,000,000	154,576,000
Interest cost		287,757,000
Acturial (gains)/losses- Change in assumption		(123,496,000)
Acturial (gains)/losses- Experience adjustment		(66,844,000)
Benefit Payment	(43,528,554)	(261,690,000)
As at Ending	**2,238,252,446**	**2,201,781,000**
Reconciliation of change in the fair value of plan assets are as follows:		
As at beginning	**946,546,000**	**971,530,000**
Contribution by employer	320,000,000	-
Benefits payment from the fund	(35,311,626)	(87,437,000)
(Expected)Return on Plan Assets	59,317,151	124,984,000
Actuarial Gain/(Loss) on Plan Assets	-	(62,531,000)
As at ending	**1,290,551,525**	**946,546,000**
Net (Liability)/Asset recognised in the statement of Financial Position		
Opening balance	1,255,234,824	1,239,948,824
Net Periodic Benefit Cost recognised in Profit or loss	55,994,651	317,349,000
Benefit paid by employer during the year	(43,528,554)	(174,254,000)
Employer contribution	(320,000,000)	-
Amount recognised in Other Comprehensive Income	-	(127,809,000)
	947,700,921	**1,255,234,824**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

13. TRADE AND OTHER PAYABLES	**30 September, 2019**	**31 December, 2018**
	=N=	**=N=**
Trade Payables	4,862,116,214	3,765,344,000
Deposit for Supplies	3,734,867,646	1,996,060,000
Other Payables	1,364,118,244	942,988,000
Unclaimed dividend	267,811,278	286,045,000
Payables to other related companies	240,990,201	496,902,000
WHT & VAT Payables	1,085,434,139	1,373,745,000
	11,555,337,722	**8,861,084,000**

Terms and conditions of the above financial liabilities:

* Trade payables are non-interest bearing and are normally settled on 60-day terms

* The carrying amount of trade and other payables approximate their fair value.

14. SHORT TERM PROVISION	**30 September, 2019**	**31 December, 2018**
(Recultivation)	**=N=**	**=N=**
Opening balance as at January 1,	37,246,000	27,646,000
Additional provision made	7,200,000	9,600,000
Amounts used during the year	(228)	-
Unused amounts reversed	-	-
Closing Balance	**44,445,772**	**37,246,000**

Recultivation

Recultivation provisions relates to expected cost of reclaiming excavated quarry sites into a habitable settlement for farming and local villagers settlement. It also include provision for other environmental issues.

15. RELATED PARTY

The company entered into various transactions with related parties in the ordinary course of business. Details of the transactions between the Company and other related parties are disclosed below:

15.1 Identity of Related Parties

Damnaz Cement Nigeria Ltd
Edo Cement company Ltd
BUA Cement Co. Ltd
NOM (UK) Ltd

Damnaz Cement Nigeria Limited

Damnaz Cement Nigeria Limited is a majority shareholder of CCNN Plc and it currently holds 50.72% of the Issued

CEMENT COMPANY OF NORTHERN NIGERIA PLC

15.1 RELATED PARTY (CONTINUED)

share capital of Cement Company of Northern Nigeria Plc.The shares of Damnaz are held by Abdulsamad Rabiu and Bua International Limited. The company entered into various transactions with the related party ranging from provision of technical services and knowhow, to expenses incured by the related company. The outstanding amount is from the various transactions entered with the related party.

Edo Cement company Ltd

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

Bua International Ltd

The company owns minority shares of Damnaz Cement Nigeria Limited through which 50.72% of shares in Cement Company of Northern Nigeria Plc is held. The company did not entered into various transactions with the related party in the period.

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. The oustanding amount is from the various transactions entered with the related party.

RELATED PARTY

15.2 Outstanding Balances	**30 September, 2019**	**31 December, 2018**
	=N=	**=N=**
Due from related entities		
Edo Cement Company Ltd	-	10,617,951
BUA International Ltd	1,465,808,851	1,408,009,000
NOM (UK) Ltd	801,006,924	736,513,000
	2,266,815,775	2,155,139,951
Impairment allowance	-	(10,617,951)
	2,266,815,775	2,144,522,000
Due to related entities		
Damnaz Cement Company Ltd	240,990,201	496,902,000
NOM (UK) Ltd	-	-
	240,990,201	496,902,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

16. INCOME TAX LIABILITY

The major components of income tax expense for the period ended 30 September 2019 and 31 December 2018 are:

	30 September, 2019	31 December, 2018
As Per Income Statement:	=N=	=N=
Current Income Tax Charge:		
Income Tax	2,687,395,685	1,716,392,000
Education Tax	233,686,472	207,748,000
Adjustment in prior year provision	-	-
	2,921,082,157	1,924,140,000
Deferred Tax:		
	-	-
Income Tax Expense Reported in the Income Statement	**2,921,082,157**	**1,924,140,000**
As Per Statement of Financial Position:		
As at Beginning,	2,257,724,744	667,170,744
Current income tax charge for the year	2,921,082,157	1,924,140,000
	5,178,806,901	2,591,310,744
Less: Payment during the year	(1,094,114,795)	(333,586,000)
As at End,	**4,084,692,106**	**2,257,724,744**

17. DEFERRED TAX LIABILITY

	30 September, 2019	31 December, 2018
Deferred Tax Relates to the following:		
As Per Statement of Financial Position:		
Accelerated depreciation for tax purposes	1,288,053,858	1,356,432,084
As Per Income Statement:		
Accelerated depreciation for tax purposes	84	(68,378,226)
Reconciliation of deferred tax liabilities:		
As at Beginning	1,288,053,774	1,356,432,000
Relating to origination and reversal of temporary differences	84	(68,378,226)
As at End	**1,288,053,858**	**1,288,053,774**

CEMENT COMPANY OF NORTHERN NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

18. OTHER INCOME	**30 September, 2019**	**30 September, 2018**
	=N=	**=N=**
Insurance Claims	673,211	3,382,518
Sundry Income	30,566,560	7,076,160
Profit/Loss on disposal of assets	189,461	4,169,438
Interest Income	96,629,121	2,645,646
	128,061,294	**17,273,762**

19. NET FINANCE COST

Interest on loans	60,733,377	41,758,663
Interest Received	(65,625,411)	(43,782,718)
Bank charges	97,176,011	30,840,180
	92,283,977	**28,816,125**

20. SELLING & DISTRIBUTION COSTS

Included in selling and distribution cost:		
Marketing Expenses & Other Overheads	40,862,066	28,123,973
Short Term Lease Payments	6,926,634	-
Distribution Costs	2,426,656,563	760,266,807
Salaries, Wages & Benefits	146,076,297	176,824,761
	2,620,521,560	**965,215,541**

21. MAJOR COMPONENT OF COST OF SALES & ADMIN. EXPENSES

Major items of Direct cost of sales include the following:		
Depreciation (Factory)	4,270,163,818	456,247,144
Repairs & Maintenance	673,687,714	560,349,740
Energy cost	13,657,027,000	7,457,999,422

Major items of administrative expenses deducted before arriving at the Profit before taxation:		
Depreciation (Admin.)	1,273,388,138	254,725,688
Salaries, Wages & Benefits (Including pension and retirement benefits)	555,802,453	465,417,631
Short Term Lease Payments	7,132,439	-
Technical & Management fees	1,248,522,009	581,537,748
Auditors Fees	10,212,987	10,930,580
Board of Directors' expenses	164,115,241	97,289,800

22. RISK MANAGEMENT

The Board of Directors 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 effective implementation of the objectives and policies through the company's senior management.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and and risk appetite.

The company's financial instruments are exposed to certain financial risk including credit risk, liquidity risk, commodity risk and interest rate risk. The company's exposure to these risks and its methods of managing the risk remain consistent.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised 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 credit sales (98% of its transactions are done on cash and carry basis).

Management assesses the credit risk of new customers before entering contracts. Purchase limits are established for each customer based on the credit risk assessment. Credit sales are restricted to Corporate Construction Companies only. They provide performance bond and guarantees as a collateral for credit transaction.

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.

The Company's maximum exposure to credit risk is limited to the carrying amount of the trade receivables as shown in Note 6. Further disclosures regarding trade and other receivables including amounts which are neither past due nor impaired and concentrations of credit risk are also provided in Note 6.

COMPETITION

The company faces stiff competition from other bigger cement players in the industry within the region. The strong presence of other cement product in our distribution channel did not hindered our supply to the market. However, our products is preferrable due to its high quality and general acceptance within the region.

CCNN will continue to introduce several sales and marketing initiative in ensuring that its targets and distribution of its product is acceptable by its teeming customers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

22. RISK MANAGEMENT - CONTD

LIQUIDITY RISK
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the company's normal operating requirements on an ongoing basis and its expansionary plans.

The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it be rolled over with existing lenders.

To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of not less than 90days.

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

As at 30 September, 2019	On Demand	Less Than 3 months	3 to 12 months	Above 1 year	Total
	=N=	=N=	=N=	=N=	=N=
Borrowings	-	24,320,879	121,604,396	91,058,005	236,983,280
Trade Payables & other payables	2,975,499,463	7,226,708,212	1,074,646,408	278,483,639	11,555,337,722
	2,975,499,463	**7,251,029,091**	**1,196,250,804**	**369,541,644**	**11,792,321,003**
As at 31 December, 2018					
Borrowings	-	70,897,700	236,201,500	118,287,000	425,386,200
Trade Payables & other payables	2,281,729,130	5,541,721,934	824,080,812	213,552,124	8,861,084,000
	2,281,729,130	**5,612,619,634**	**1,060,282,313**	**331,839,124**	**9,286,470,200**

INTEREST RATE RISK
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its loans. The risk that the Company will realize a loss as a result of a decline in the fair value of loans is limited because the company's loans are based on market interest rate. The Company monitors its exposure to interest rates annually.

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings (There is only an immaterial impact on the Company's equity):

	Increase in Interest rate	Effects on Profit before tax
		=N=
September, 2019	+10%	6,073,338
December, 2018	+10%	4,175,866

NOTES TO THE FINANCIAL STATEMENTS

#REF!

22. RISK MANAGEMENT - CONTD

CAPITAL MANAGEMENT

Capital consists of share capital, retained earnings and other reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Included within net debt are interest bearing loans and borrowings, trade and other payables less cash and cash equivalents:

	30 September, 2019	**31 December, 2018**
	=N=	**=N=**
Borrowings	236,983,280	425,386,200
Trade and other payables	11,555,337,722	8,861,084,000
Less: cash and short-term deposits	(1,943,029,277)	(595,904,000)
Net debt	**9,849,291,725**	**8,690,566,200**
Equity	336,993,969,012	333,487,688,000
Equity and net debt	**346,843,260,737**	**342,178,254,200**
Gearing ratio(%) - Net debt divided by equity plus net debt	**3**	**3**

COMMODITY PRICE RISK

The Company is affected by the volatility of certain commodities - LPFO price which form a substantial part of the company's cost of production.

Due to the significantly increased volatility of the price of the underlying, the Company's Board of Directors has resolved through its Risk and Strategy Committee to explore other alternate energy generation for its KILN in order to mitigate against the uncontrollable LPFO price fluctuation.