




LIVESTOCK FEEDS PLC
UNAUDITED FINANCIAL STATEMENTS
31 MARCH 2013



LIVESTOCK FEEDS PLC
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST
QUARTER ENDED 31 MARCH 2013.

	Notes	2013 N'000	2012 N'000
Revenue	4	1,326,776	1,267,655
Cost of sales		<u>(1,174,615)</u>	<u>(1,121,294)</u>
Gross profit		152,162	146,361
Other operating income	11	23,164	21,089
Marketing & distribution expenses		(44,837)	(39,090)
Administrative expenses		<u>(35,114)</u>	<u>(25,183)</u>
Profit from operations		95,374	103,177
Finance expenses	14	(50,450)	(32,675)
Finance income		<u>4,781</u>	<u>-</u>
Profit before taxation		49,706	70,502
Provision for tax expenses	19{a}	<u>(15,906)</u>	<u>(25,050)</u>
Profit from continuing operations		33,800	45,452
Profit on discontinued operations net of tax		-	-
Profit for the period		<u>33,800</u>	<u>45,452</u>
Other comprehensive income			
Gain/Net changes in Net value of financial assets held for sale		2,593	372
Tax relating to components of other comprehensive income {19b}		<u>(259)</u>	<u>(37)</u>
Total other comprehensive income		<u>2,334</u>	<u>335</u>
Total comprehensive income		<u>36,133</u>	<u>45,787</u>
Profit for the period attributable to:			
Owners of the parent		<u>33,800</u>	<u>45,452</u>
Non-controlling interest		<u>-</u>	<u>-</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>36,133</u>	<u>45,787</u>
Non-controlling interest		<u>-</u>	<u>-</u>
Earning per share for profit attributable to owners of the parent:			
Basic (kobo)	{21}	<u>2.30</u>	<u>3.79</u>

The accounting policies on pages 6 to 11 and notes 12 to 18 form part of these financial statements.

LIVESTOCK FEEDS PLC
UNAUDITED
STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2013

Assets		March 2013	December 2012
	Notes	N'000	N'000
Non-current assets			
Property, plant and equipment	5	535,750	546,944
Financial assets-available for sale	6	16,096	13,503
Total non-current assets		<u>551,846</u>	<u>560,446</u>
Current assets			
Inventories	7	1,352,423	1,275,225
Trade and other receivables	8	435,047	191,068
Cash & cash equivalents	12	638,175	64,291
Total current assets		<u>2,425,645</u>	<u>1,530,584</u>
Non current assets held for resale			
Total assets		<u>-</u> <u>2,977,492</u>	<u>-</u> <u>2,091,029</u>
Equity			
Share capital	15	1,000,000	600,000
Share premium	16	493,461	8,028
Retained earnings	17	(152,347)	(186,147)
Revaluation reserve	18	206,411	206,411
Revaluation surplus on investment	18	6,850	4,515
		<u>1,554,374</u>	<u>632,808</u>
Non-current liabilities			
Gratuity	13	805	805
Deferred tax	19	58,283	58,024
		<u>59,088</u>	<u>58,829</u>
Current liabilities			
Trade and other payables	9	393,232	387,903
Lease obligation		-	-
Short-term borrowings	10	872,795	929,392
Dividends payable		101	101
Current tax payable	19	97,903	81,997
		<u>1,364,030</u>	<u>1,399,393</u>
Total equity and liabilities		<u>2,977,492</u>	<u>2,091,029</u>

The financial statements and notes on page 2 to 18 were approved by the Board of Directors on April 22nd, 2013 and signed on its behalf by:

i) Mrs. Modupe O. Asanmo



)

Directors

ii) Mr. Babajide Adegbite



)

Mr. Omotayo T. Olayioye



- Finance Controller (FRC/2013/ICAN/00000001721)

The accounting policies on pages 6 to 11 and notes 12 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR PERIOD ENDED 31ST MARCH, 2013

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	Share Capital	Share Premium	Revaluation reserve.	Available for-sale financial asset	Retained Earnings/ Accumulated loss	Total attributable to Equity holders	Non controlling interest	Total Equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
BALANCE AS AT 1 JANUARY 2012	600,000	8,028	206,411	4,515	(325,231)	493,723	-	493,723
Comprehensive Income for the year :								
New share capital issued	-	-	-	-	-	-	-	-
Profit	-	-	-	-	139,084	139,084	-	139,084
other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(186,147)	632,807	-	632,807
Contributions and distribution to owners	-	-	-	-	-	-	-	-
Total contributions and distribution to owners	-	-	-	-	-	-	-	-
BALANCE AS AT 31 DECEMBER 2012	<u>600,000</u>	<u>8,028</u>	<u>206,411</u>	<u>4,515</u>	<u>(186,147)</u>	<u>632,807</u>	<u>-</u>	<u>632,807</u>
BALANCE AS AT 1 JANUARY 2013	600,000	8,028	206,411	4,515	(186,147)	632,807	-	632,807
Comprehensive Income for the period :								
New share capital issued	400,000	485,433	-	-	-	885,433	-	885,433
Profit	-	-	-	-	33,800	33,800	-	33,800
other comprehensive income	-	-	-	2,335	-	2,335	-	2,335
Total comprehensive income for the period	-	-	-	2,335	33,800	921,568	-	921,568
Contributions and distribution to owners	-	-	-	-	-	-	-	-
Total contributions and distribution to owners	-	-	-	-	-	-	-	-
BALANCE AS AT 31 MARCH 2013	<u>1,000,000</u>	<u>493,461</u>	<u>206,411</u>	<u>6,850</u>	<u>(152,347)</u>	<u>1,554,374</u>	<u>-</u>	<u>1,554,374</u>

LIVESTOCK FEEDS PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST MARCH, 2013

	Notes	March 2013 N'000	Dec., 2012 N'000
Cash flows from operating activities:			
Profit for the period		33,800	139,084
Adjustment for:			
Depreciation		12,640	42,033
Provision for diminution in investment		-	-
Interest paid		47,677	130,371
Interest received		(4,781)	
Loss on sale of property, plant & equipment		-	9
		<u>89,336</u>	<u>311,497</u>
Increase in inventories		(77,199)	(478,548)
Increase in trade and other receivables		(243,979)	97,307
Increase in trade and other payables		5,329	9,354
Increase in income tax payable		15,906	15,302
Increase in deferred taxation recognised in income .		259	9,670
Decrease in provision for gratuity		0	(8,001)
Cash absorbed in operating activities		<u>(210,348)</u>	<u>(43,419)</u>
Cash flows from investing activities			
Purchase of fixed assets		(1,448)	(177,322)
Proceeds from disposal of fixed assets		-	1,116
Interest received		4,781	
Marketable securities			
Net cash used in investing activities		<u>3,333</u>	<u>(176,206)</u>
Cash flows from financing activities			
Interest on loan and overdraft		(47,677)	(130,371)
Share issue proceeds		904,000	
Short term loan		350,000	
Share issue cost		(18,827)	
Loan repayment		(350,000)	
Net cash outflow from financing activities		<u>837,496</u>	<u>(130,371)</u>
Net decrease in cash and cash equivalents		630,481	(349,995)
Cash and cash equivalents as at beginning of the period		<u>(865,101)</u>	<u>(515,106)</u>
Cash and cash equivalents as at end of the period	12	<u>(234,620)</u>	<u>(865,101)</u>

The accounting policies on pages 7 to 14 and notes on pages 15 to 26 form part of these financial statements.

LIVESTOCK FEEDS PLC

FINANCIAL STATEMENTS, 31ST MARCH, 2013

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting entity

Livestock Feeds Plc was incorporated on 20th March, 1963 and commenced business on 20th May, 1963. It was quoted on the Nigerian Stock Exchange in 1978. It is engaged principally in the manufacturing and marketing of animal feeds and concentrates.

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standard Board (The IASB).

3 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain items of property, plant and equipment and financial assets held for sale at fair value.

The financial statements are presented in Naira, which is the Company's functional currency. The financial statements are presented in thousands of Nigerian Naira.

The preparation of financial statement in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the notes to the financial statements.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

4 Standards and Interpretations issued but not yet adopted

As at the date of this financial statement, 31 March 2013, the following standards and interpretations have been issued but were not yet effective nor adopted by Livestock Feeds Plc.

- a) IFRS 9 - Financial instruments, issued for the first part in November 2009 and for the second part in October 2010, covers the classification and measurement of financial assets and financial liabilities respectively. IFRS 9 will be effective from 1 January 2015. Livestock Feeds Plc has not yet determined its adoption date for this standard.
- b) IFRS 10 - Consolidated Financial Statements, requires the application of significant judgement in a number of respects. The standard establishes a general principle that parent entities are required to prepare consolidated financial statements and detailing circumstances under which consolidation is exempted. IFRS 10 introduces a new control model that applies to all entities and will require significant management judgement to determine whether an entity is controlled and should be consolidated. IFRS 10 is required to be applied for annual periods beginning on or after 1 January 2013.
- c) The amendments to IAS 28 investments in Associates and Joint ventures, reflects changes necessitated by the introduction of IFRS 11, but do not introduce changes to the accounting for investments in associates which are still to be recognised in accordance with the equity method
- d) IAS 27 (2011) - separate financial statements: This standard replaces the parts of IAS 27 (2008) - consolidated and separate financial statements, that previously dealt with separate financial statements; the parts of IAS 27 (2008) that dealt with the preparation of consolidated financial statements and disclosures in consolidated financial statements have been replaced by IFRS 10 - consolidated financial statements, and parts of IFRS 12-Disclosure of interests and other entities.
- e) The amendments to IAS 19 - Employee benefits, issued in June 2011 and effective from 1 January 2013, replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset. The difference between the net interest income and the actual return will be recognized in other comprehensive income(OCI). Past service costs will be recognized immediately in the period requirements related to pensions and in particular, defined benefit plans.
- f) The amendments to IAS 1 - presentation of financial statements, issued in June 17, and effective for financial years beginning after 1 July 2012, establishes requirements related to presentation and classification of items within other comprehensive income, particularly as regards the grouping together of items that may be reclassified to the profit and loss section of the income statement.

The amendments do not however introduce changes as to which items should be presented in other comprehensive income or which and when items should be recycled through the income statement.

- g) The amendments to IAS 32 - financial instruments and presentation, issued in December 2011, and effective from 1 January 2014, clarifies the requirements for offsetting financial assets and financial liabilities.
- h) The amendment to IAS 12 - income taxes, issued in December 2010 and effective for annual periods beginning 1 January 2012, introduced a rebuttable presumption that for the purpose of measuring deferred tax assets and liabilities, the carrying amount of an investment property measured using the fair value model in IAS 40, will be recovered entirely through sale. The amendments are currently not relevant to Livestock Feeds Plc.
- i) Specific borrowing cost on qualifying assets are capitalised from the date the actual cost are incurred. General borrowing cost are capitalised by applying the weighted average cost of the borrowing cost proportionate to the expenditure on the assets.

Significant policies:

The accounting policies set out below have been applied consistently to all period presented in these financial statements, unless otherwise indicated.

a) **Property, Plant and Equipment(PPE)**

All categories of property, plant and equipment are initially recognized at cost but subsequently carried at cost less accumulated depreciation and impairment thereon. Property, plant and equipment are tested for impairment at each financial year end if there are indications of impairment and are adjusted for appropriately in the Financial Statements.

Assets under construction are not depreciated. For all other property, plant and equipment, depreciation rate is calculated on straight line basis on cost less residual value of the asset over their estimated useful life as follows:

	% per annum
Freehold land & building	3
Leasehold building	shorter of 33years or lease term
Plant and equipment	12 1/2
Furniture and fittings	12 1/2
Motor vehicles:	
- Automobiles	20
- Trucks	12 1/2
Computer equipment	33 1/3

Depreciation methods and useful lives are reviewed and adjusted for, if appropriate, at each financial year end. Assets not fully constructed at the statement of financial position date are treated as assets under construction in progress. Depreciation commences when the asset is ready for its intended use.

Major renovations and improvements are capitalised and included in the carrying amount of the assets when it is probable that future economic benefits will arise and depreciated over the remaining useful life of the related asset. The cost of maintenance and repairs charged to the income statement as incurred. Gains and losses on disposal of property, plant and equipment are recognised in the income statement.

All assets held for sale are no longer depreciated but are subsequently tested for impairment.

b) **Inventory.**

Inventories are initially recognised at cost and subsequently at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw materials	Purchase cost on weighted average basis, including transportation costs.
Finished goods	Cost of direct materials and labour plus a reasonable proportion of overheads absorbed by manufacturing based on normal levels of activity.
Engineering spares	Purchase cost including freight and other incidental costs.

Goods in transit

Invoice price

Net realisable value is based on estimated normal selling price less further cost expected to be incurred to completion and disposal.

Provision is made for obsolete, slow-moving or defective items where appropriate.

c) **Financial assets available for sale**

Quoted investments are valued at the lower of cost and market value. The amount by which cost exceeds market value is charged to income statement for the period. Realised gains and losses on disposal of quoted investments are taken to the income statement in the period of disposal

d) **Current income tax**

Income tax and education tax are provided for based on the ruling rates and tax law as pronounced by the regulatory authority-Federal Inland Revenue Services(FIRS). Tax computations are made on an annual basis and provided for in the accounts on the basis of ruling tax rates and applicable tax laws.

e) **Deferred income tax**

Deferred tax income is provided in full, using the liability method on temporary differences arising between tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred income tax is determined using tax rate that has been enacted by the date of the financial position and are expected to apply when related deferred income tax is realised or the deferred income tax liability is settled.

f) **Borrowing Cost**

Specific borrowing costs on qualifying assets are capitalised from the date the actual costs are incurred. General borrowing costs are capitalised by applying the weighted average cost of the borrowing proportionate to the expenditure on the assets.

g) **Leased assets**

Where substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the company (a "finance lease"), the asset is treated as if it had been purchased outright. Upon initial recognition, the lease is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding lease commitment (capital and interest) is shown as a liability. The lease payments are analysed between capital and interest, and the interest element is charged to the statement of comprehensive income over the period of the lease.

h) **Government grant**

Benefits accruing to the Company on government assisted loans granted at a below market rate of interest is treated as a government grant. The benefit of such a government assisted loan is the difference between market rate of interest and the below market rate applicable to the government assisted loan. The grant so measured is recognised as income in the financial statements.

i) **Provisions.**

Provisions are recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably and is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

j) **Foreign Currencies transactions.**

Transactions denominated in foreign currencies are translated and recorded in Naira at the ruling rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on settlement of monetary items or on the retranslation of monetary items at rates different from those which were initially recognised are taken to the income statement.

All exchange differences on assets and liabilities denominated in foreign currencies are taken to the income statement except for exchange difference on foreign currency borrowings to the extent that they are used as an effective hedge against equity investment in foreign currencies. This will be taken directly to a translation reserve.

k) **Cash and cash equivalents.**

For purpose of reporting cash flows, cash and cash equivalents includes cash in hand, cash balances with bank and investments in money market instruments which are subject to insignificant risk changes in their fair value. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

l) **Bank borrowings**

Interest bearing loans and overdrafts are recognised initially at fair value, net of direct costs and subsequently stated at amortised cost. Finance charges, including premium payable on settlement or redemption and direct issue costs are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

m) **Segment reporting**

The company adopts the requirements of IFRS 8 - Operating segments. The standard requires operating segments to be identified on the basis of internal financial information about component of the company that are regularly reviewed by the Chief Operating Decision Maker {Managing Director}, to allocate resources to the segments and to assess their performance.

n) **Trade receivables.**

Trade receivables are non-derivative financial assets which are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment .A provision for impairment of a trade receivable is established when there is objective evidence that the company will not collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will either be bankrupt or default or delinquent in payment are considered indicators that the trade receivables is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognised in the income statement. When a trade receivable is uncollectable, it is written off against the allowance for trade receivables.

o) **Employee benefits**

The company operates a defined contribution plan. A contribution plan is defined as a pension plan under which the company pays a fixed contribution into a separate entity. The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the benefit relating to employee service in current and prior period.

For defined contribution plans the company pays contribution to publicly or privately administered Pension Fund Administrators PFA on a mandatory, contractual or voluntary basis. The company has no further payment obligation once the contribution has been paid. The contribution are recognised as employee benefit expenses in the comprehensive income statement when they are due.

p) **Dividends**

(1) Dividends on ordinary shares are appropriated from retained earnings and recognised as liability in the period in which they are declared until they are paid.Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

Unclaimed dividends:

(ii) Dividends which remain unclaimed for a period exceeding twelve years from the date of declaration and which are no longer actionable by shareholders in accordance with section 385 of the Companies and Allied Matters Act, CAP C20, LFN,2004 are written back to retained earnings.

Critical accounting estimates and judgement.

The Company makes estimates and assumptions about the future that affects the reported amount of assets and liabilities. Estimate and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstance. In the future, actual results may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognised prospectively by including it in the comprehensive income of the period of change if the change affects that period only, and also recognised if it affects both current and future periods.

Estimates and assumptions that may have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are stated in the financial statements.

(i) **Recognition of deferred taxation assets**

The extent to which deferred tax asset can be recognised is based on an assesment of the probability of the Company's future taxable profit.

(ii) **Valuation of Property Plant and Equipment**

Property Plant and equipment represents a significant proportion of the asset base of the company. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the company's financial position and performance.

Estimation of useful life:

The charge in respect of periodic depreciation is derived after determining the estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness.The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

(iii) **Impairment of assets**

Assets are reviewed by management 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 carrying amount exceeds its recoverable amount.The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

(iv) **Fair value of financial assets**

(i) Equity and debt securities:

The fair value of investment in equity and debt securities is determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using valuation techniques. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

Subsequent to initial recognition, the fair value of held-to-maturity investments are determined for disclosure purpose only.

(ii) Trade and other receivables:

The fair value of trade and other receivable, excluding construction work in progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short term receivable with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purpose, at each annual reporting date.

(v) **Revenue recognition**

Revenue represents total value of goods and services less discount, rebates, returns and value added tax thereon. Revenue from sale of goods is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive previously agreed value upon payment. Where a buyer has a right of return, the company defers the recognition of revenue until the right to return lapses. In situations where the company retains only insignificant risks of ownership due to the right of return, revenue is not deferred but the company recognises the provision based on previous experience and other factors.

(vi) **Legal Proceedings.**

In accordance with IFRS, the company recognise a provision where there is a present obligation from past event, where a transfer of the economic benefit is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability is disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are currently recognised or disclosed in the financial statements could have a material effect on the company's financial position. Application of these accounting principles to legal cases requires the Company's management to ascertain various factual and legal matters beyond its control. The Company reviews outstanding legal cases following developments in the legal proceedings at each reporting date, in order to assess the need for provision and disclosures in its financial statements. Among the factors considered in making decisions on provision are the legal implication and estimated level of damages. This will also include the progress after the date of the financial statements but before those statements are issued, the opinions or view of legal advisers, experience on similar cases and any decision of the company's management as to how it will respond to the litigation, claims or assessment.

Financial Management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Market risk
- Liquidity risk

i) **Credit Risk**

Credit risk is the risk of financial loss to the company, if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers before entering into contracts. Such credit ratings are taken into account by local business practices.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for credit worthiness 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 Risk Management Committee.

The Risk management /Credit Worthiness Committee determines concentration of credit risk by quarterly monitoring the credit worthiness 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 sales are made only with approval of Risk Management Committee, otherwise payment in advance is required.

ii) **Market risk**

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

Fair Value and Cash flow interest rate risk:

The company is exposed to cash flow interest rate risk from long term borrowings at variable rates. It is currently company policy that borrowings are fixed rate borrowings.

iii) **Liquidity risk**

Liquidity risk arises from the company's management of working capital and 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 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 (or agreed facilities) to meet expected requirements.

The Board approves 12-month cash flow projection which indicated that the company is expected to have sufficient liquid resources to meet its obligation under all reasonably expected circumstances.

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 period unless otherwise stated in this note

Principal Financial instruments:

The principal financial instruments used by the company, from which financial instrument risk arises are as follows:

- 1 Trade receivables
- 2 Cash and Cash equivalents
- 3 Trade and other payables
- 4 Bank overdraft
- 5 Fixed rate bank loans
- 6 Investments in quoted securities

A summary of the Financial instruments held by category is provided below:

Financial assets	March 2013 N'000	Dec. 2012 N'000
cash and cash equivalents	638,175	64,291
Trade and other receivables	435,047	191,068
Investment in quoted securities	<u>16,096</u>	<u>13,506</u>
Total Financial assets	<u>1,089,318</u>	<u>268,865</u>
Financial Liabilities	2012 N'000	2011 N'000
Trade and other payables	393,232	387,903
Loans and borrowings	<u>872,795</u>	<u>929,392</u>
Total Financial liabilities	<u>1,266,026</u>	<u>1,317,295</u>

General Objectives, Policies and processes

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, while 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 function. The Board receives quarterly reports from the company's financial controller 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 internal auditor also reviews the risk management policies and processes and report its findings to the Audit Committee.

LIVESTOCK FEEDS PLC

4 Revenue

The Company produces animal feeds which is 99.72% of its turnover. Other products includes veterinary drugs which are bought from other companies for marketing and sales. These other products constitute only 0.28% of the total Company turnover for the period ended 31st March, 2013. The segmental reporting is prepared in geographical location within Nigeria which is the basis of the Company's resources allocation.

Segmental Reporting 31st March,2013	Aba N'000	Ikeja N'000	Benin N'000	Others N'000	Total N'000
From external customers	424,552	514,429	287,026	100,769	1,326,776
Discontinued operations	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Segment revenue	<u>424,552</u>	<u>514,429</u>	<u>287,026</u>	<u>100,769</u>	<u>1,326,776</u>
Cost of sales	<u>(385,432)</u>	<u>(435,226)</u>	<u>(262,468)</u>	<u>(91,488)</u>	<u>(1,174,615)</u>
Gross profit	39,120	79,203	24,557	9,281	152,162
Marketing & distribution expenses	<u>(3,208)</u>	<u>(20,709)</u>	<u>(3,649)</u>	<u>(3,484)</u>	<u>(31,050)</u>
Trading Profit	35,913	58,494	20,908	5,796	121,111
Other income	7,333	6,198	4,943	3,774	22,248
Operating Profit	<u>43,245</u>	<u>64,693</u>	<u>25,852</u>	<u>9,570</u>	<u>143,360</u>
Finance expenses	<u>(15,693)</u>	<u>(13,282)</u>	<u>(9,668)</u>	<u>(9,168)</u>	<u>(47,811)</u>
Contribution to margin	<u>27,552</u>	<u>51,411</u>	<u>16,184</u>	<u>402</u>	<u>95,549</u>
Head Office					
Scrap Sales					-
Interest income					4,781
Laboratory income					261
Insurance refund					248
ITF refund					407
Administrative cost					(35,114)
Marketing Cost					(13,787)
Bank charges					(2,639)
Profit before tax					<u>49,706</u>
Segmental Reporting 31st March,2012	Aba N'000	Ikeja N'000	Benin N'000	Others N'000	Total N'000
From external customers	435,154	405,295	327,419	99,787	1,267,655
Discontinued operations	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Segment revenue	<u>435,154</u>	<u>405,295</u>	<u>327,419</u>	<u>99,787</u>	<u>1,267,655</u>
Cost of sales	<u>(381,512)</u>	<u>(350,234)</u>	<u>(296,480)</u>	<u>(93,068)</u>	<u>(1,121,294)</u>
Gross profit	53,642	55,061	30,939	6,719	146,361
Marketing & distribution expenses	<u>(4,812)</u>	<u>(17,219)</u>	<u>(5,630)</u>	<u>(3,428)</u>	<u>(31,089)</u>
Trading Profit	48,830	37,842	25,309	3,291	115,272
Other income	<u>4,895</u>	<u>4,960</u>	<u>7,926</u>	<u>2,792</u>	<u>20,573</u>
Operating Profit	53,725	42,802	33,235	6,083	135,845
Finance expenses	<u>(7,387)</u>	<u>(8,077)</u>	<u>(9,606)</u>	<u>(4,961)</u>	<u>(30,031)</u>
Contribution to margin	<u>46,338</u>	<u>34,725</u>	<u>23,629</u>	<u>1,122</u>	<u>105,814</u>
Head Office					
Scrap Sales					-
Interest income					-
Laboratory income					266
Insurance refund					249
ITF refund					-
Administrative cost					(25,183)
Marketing Cost					(8,001)
Bank charges					(2,643)
Profit before tax					<u>70,502</u>

In the period under review, unallocated operating income and expenses mainly constitute head office administrative and marketing costs. These are considered corporate and are not allocated to any segment's expenses. Interest expenses are allocated based on investment in inventories stock acquired for each mills.

5(a). **Property, Plant and Equipment**

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Cost/Valuation	Land & Building =N='000	Machinery =N='000	Motor Vehicle =N='000	Furniture & Fittings =N='000	Computer =N='000	Construction in Progress =N='000	Total =N='000
Balance as at 1 January 2013	351,842	135,732	98,556	12,873	10,986	167,844	777,833
Additions	-	396	-	353	122	577	1,448
Disposals	-	-	-	-	-	-	-
Transfers in/(lease asset),	-	-	-	-	-	-	-
Transfers in/(out)	-	15,005	-	-	-	(15,005)	-
Assets held for sale	-	-	-	-	-	-	-
Balance as at 31 March 2013	<u>351,842</u>	<u>151,133</u>	<u>98,556</u>	<u>13,226</u>	<u>11,108</u>	<u>153,416</u>	<u>779,281</u>

Cost/Valuation	Land & Building =N='000	Machinery =N='000	Motor Vehicle =N='000	Furniture & Fittings =N='000	Computer =N='000	Construction in Progress =N='000	Total =N='000
Balance as at 1 January 2012	264,003	113,455	73,523	8,461	9,600	140,894	609,937
Additions	82,889	25,532	29,403	4,412	1,386	33,700	177,322
Disposals	-	(3,255)	(8,960)	-	-	-	(12,215)
Transfers in (from leased assets)	-	-	2,790	-	-	-	2,790
Transfers in/(out)	4,950	-	1,800	-	-	(6,750)	-
Assets held for sale	-	-	-	-	-	-	-
Balance as at 31 December 2012	<u>351,842</u>	<u>135,732</u>	<u>98,556</u>	<u>12,873</u>	<u>10,986</u>	<u>167,844</u>	<u>777,833</u>

Depreciation

	Land & Building =N='000	Machinery =N='000	Motor Vehicle =N='000	Furniture & Fittings =N='000	Computer =N='000	Construction in Progress =N='000	Total =N='000
Balance as at 1 January 2013	104,709	74,206	36,100	6,200	9,675	-	230,890
Additions	4,214	3,761	4,171	321	141	32	12,640
Transfers	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-
Balance as at 31 March 2013	<u>108,923</u>	<u>77,967</u>	<u>40,271</u>	<u>6,521</u>	<u>9,816</u>	<u>32</u>	<u>243,530</u>

	Land & Building =N='000	Machinery =N='000	Motor Vehicle =N='000	Furniture & Fittings =N='000	Computer =N='000	Construction =N='000	Total =N='000
Balance as at 1 January 2012	90,907	64,966	27,686	5,496	9,126	-	198,181
Additions	13,802	11,886	15,093	704	549	-	42,034
Disposal	-	(2,646)	(8,446)	-	-	-	(11,092)
Reclassified	-	-	1,767	-	-	-	1,767
Transfers	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-
Balance as at 31 December 2012	<u>104,709</u>	<u>74,206</u>	<u>36,100</u>	<u>6,200</u>	<u>9,675</u>	<u>-</u>	<u>230,890</u>
Net book values at:							
31 March 2013	<u>242,919</u>	<u>73,166</u>	<u>58,285</u>	<u>6,705</u>	<u>1,292</u>	<u>153,384</u>	<u>535,750</u>
31 December 2012	<u>247,133</u>	<u>61,526</u>	<u>62,456</u>	<u>6,673</u>	<u>1,311</u>	<u>167,844</u>	<u>546,944</u>

- i) The Building was professionally re-valued as at 30th March, 1999, by Messrs Yinka Sonaike and company, Estate Surveyors and Valuers on the basis of open market value. The value was incorporated in the books at that date. The surplus that arose on the revaluation (=N=229,346,000) was credited to the revaluation reserve net of deferred capital gains tax arising from surplus.
- ii) There is a deed of debenture dated 14th September 2009 over the company's fixed and floating assets value at N1.8billion(Open Market Value) and N1.3Billion (Forced Sales Value) valued by Jide Taiwo & Co as at March 2009 with StabicBTC Bank interest of N1.1billion noted
- iii) The company has N180million CACS fund with StanbicBTC Bank Plc for the acquisition of equipment i.e two 2500MT capacity Silos and Extruder machine from YEMTAR in Turkey. The LC has been opened and the total sum of =N=33,281,559.80 being LC deposit and other charges and interest charges to the tune of N3,499,558.89 has been capitalised under construction in progress.

6 **Financial assets available for sale**

Quoted	Cost =N= '000	March	Cost =N= '000	December
		2013 Value =N= '000		2012 Value =N= '000
Opening balance	19,999	13,503	19,999	8,486
Additions/appreciation	-	2,593	-	5,017
Disposal	-	-	-	-
	<u>19,999</u>	<u>16,096</u>	<u>19,999</u>	<u>13,503</u>
Net gain/(loss)	-	-	-	-
Ordinary Shares at cost	19,999	16,096	19,999	13,503
	<u>19,999</u>	<u>16,096</u>	<u>19,999</u>	<u>13,503</u>

The investment represents shares of First Bank of Nigeria Plc, United Bank for Africa and Zenith Bank Plc in the Nigeria stock market. The investment is valued at the quoted prices on the Nigeria Stock Exchange as at the reporting date i.e N19.49, N8.06 and N21.29 for FBN, UBA and Zenith Bank respectively. Based on the quoted prices, the company has always been providing for any diminution in the value of the investment.

7. Inventories	March	Dec.
	2013 N'000	2012 N'000
Raw materials	1,288,574	1,244,137
Finished goods	30,229	20,003
Engineering spares	13,248	8,834
Stock-in-transit	18,308	1,629
Diesel	1,983	620
Other consumables	82	-
	<u>1,352,423</u>	<u>1,275,223</u>

8. Trade and other receivables	2013	2012
	N'000	N'000
Gross trade receivable	138,943	86,364
Less: Provision for doubtful debts	(49,073)	(49,073)
Total financial assets other than cash and cash equivalents	<u>89,870</u>	<u>37,291</u>

Deposit for materials	316,686	125,269
Other debtors	9,442	8,702
Prepayments	19,049	19,806
Total Trade and Other receivables	<u>435,047</u>	<u>191,068</u>

Adequate provision for doubtful debts have been made and no additional provision for impairment is required.

9. Trade and other payables	N'000	N'000
	Trade creditors	315,347
Accruals	55,758	49,236
Other Creditors	22,127	20,763
Total Financial liabilities excluding loans and borrowings	<u>393,232</u>	<u>387,903</u>

{i} Accruals		
Ex-staff balances	3,871	3,014
Provision for interest	2,748	3,436
Industrial training funds	(405)	635
Accrued staff benefits	19,940	26,133
Professional fees	5,570	4,982
Listing, register and others	635	767
Social security	-	-
Other accrued expenses	23,398	10,269
	<u>55,758</u>	<u>49,236</u>

	March 2013 N'000	Dec., 2012 N'000
{ii} Other Creditors		
Withholding tax	10,676	11,548
NSITF	83	83
NHF	147	21
Pay as you earn (PAYE)	1,522	767
Trade incentives	5,862	6,017
VAT	176	283
Deposit for feeds delivery	278	278
Pension	3,381	1,766
	<u>22,127</u>	<u>20,763</u>
10. Bank loans and borrowings	March 2013 N'000	Dec; 2012 N'000
Non-Current		
Bank loans:		
secured	-	-
unsecured	-	-
Collateralised borrowings	-	-
Redeemable preference shares	-	-
Finance lease creditors	-	-
Current		
Overdraft	2,795	59,392
Bank loans:		
Secured	870,000	870,000
unsecured	-	-
Collateralised borrowings	-	-
Convertible debt	-	-
Finance lease creditors	-	-
	<u>872,795</u>	<u>929,392</u>
Total loans and borrowings	<u>872,795</u>	<u>929,392</u>

The currency profile of the company's loans and borrowings is as follows:

	2012 N'000	2011 N'000
	<u>872,795</u>	<u>929,392</u>

a) The Company has an overdraft facility of N50million with Stanbic IBTC Plc as at 31st March 2013

b) The Company has an advance facility (revolving term loan) of N870 million with Stanbic IBTC Plc which was fully utilised as at 31st March 2013

The above facilities are obtained under the Commercial Agriculture Credit Scheme(CACS fund) of the Central Bank of Nigeria at the rate of 9% which expires within 1 year and is subject to renewal every August.

c) In addition to the CACS fund mentioned above , the company equally got a temporary overdraft facility of N350million from StanbicIBTC bank for a tenor of 60days at a rate of 17% and was fully liquidated in March on receipt of UACN Special placement proceeds.The bridging facility was utilised for procurement of Soya bean meal

d) The Company had an agreement with Grand Cereals Ltd which is also another subsidiary of UACN Plc to locally procure 2,500MT of soya Bean Meal and import 7,000Mt tons of maize on its behalf.The total indebtedness of LSF to GCL in respect of this transaction stood at N706million at interest rate of 17%. GCL also has poultry Feeds in its portfolio and this arrangement is part of the synergy derivable from the UACN group

e) The company also got offer letter for N500million term loan facility from GTBank Plc and was accepted by the Board of the company but yet to be disbursed as at 31st March 2013. The facility shall run at a commercial rate of 17% all in and under the Central Bank of Nigeria NIRSAL Scheme for Agric Business which allows beneficiaries a refund of 40% of all interest paid on Facilities obtained from Commercial Banks.

The facility is intended to be used to settle the company's indebtedness to Grand Cereals Limited

f) The Company has undrawn committed equipment finance facility (CACS fund) of N180 million as at 31st March 2013 for which all conditions have been met but the Letter of credit has been open for the Equipment. The Equipment is two 2500MT storage capacity Silos and an Extruder Machine.

Mar, 2013	Floating rate	Fixed rate	Total
	N'000	N'000	N'000
Expiry within 1 year	-	920,000	920,000
Expiry within 1 and 2 years	-	-	-
Expiry in more than 2 years	-	180,000	180,000

Dec, 2012	Floating rate	Fixed rate	Total
	N'000	N'000	N'000
Expiry within 1 year	-	920,000	920,000
Expiry within 1 and 2 years	-	-	-
Expiry in more than 2 years	-	180,000	180,000

11.	March 2013	March 2012
	N'000	N'000
Other operating income		
Sale of Sacks	1,838	2,324
Rental Income	26	54
Laboratory income	261	265
Weighing income	615	979
Insurance claims received	248	248
Dividend Income	-	-
Provision no longer required	-	-
Truck income	427	196
Sales of scrap	289	343
Bad debt recovered	-	-
Gain/(loss) on fixed assets disposal	-	-
Interest Income	407	-
Government grant	19,053	16,680
	<u>23,164</u>	<u>21,089</u>

Government grant is savings made on interest charges paid on facilities obtained from Stanbic IBTC Plc, on Federal Government agriculture intervention fund (CACS). The facility is obtained at 9% interest charge as against prevailing 17% commercial rate during the period.

12. Cash and cash equivalents	March 2013	Dec; 2012
	N'000	N'000
Bank balances	94,660	64,291
Financial assets held to maturity	543,515	-
	638,175	64,291
Bank loan & overdraft	(872,795)	(929,392)
Cash and cash equivalents	<u>(234,620)</u>	<u>(865,101)</u>

For purpose of the cash flow statement, cash and cash equivalents include cash on hand and in banks, net of bank borrowings.

The short term investment (financial asset held to maturity) represents part of the UACN special placement proceeds fixed with StanbicIBTC for 30days at the rate of 10.5% per annum

	March 2013 N'000	Dec; 2012 N'000
13. Gratuity		
Opening balance brought forward	805	8,805
Addition during the year	-	-
	<u>805</u>	<u>8,805</u>
Payment during the year	-	(8,000)
Balance at the end of the period	<u>805</u>	<u>805</u>

	March 2013 N'000	March 2012 N'000
14. Finance expenses		
Overdraft charges	9,234	995
Interest on loan	19,390	12,024
Bank COT	2,773	2,876
Interest on lease	-	-
Government grants	19,053	16,780
	<u>50,450</u>	<u>32,675</u>

15. **Authorised Share Capital**

Value	March 2013 N'000	Dec; 2012 N'000
Ordinary shares of 50kobo each		
Balance at beginning of the year	1,000,000	1,000,000
Movement in share	-	-
Balance at the end of the period	<u>1,000,000</u>	<u>1,000,000</u>

Number

Ordinary shares of 50kobo each		
Balance at beginning of the year	2,000,000	2,000,000
Movement in share	-	-
Balance at the end of the period	<u>2,000,000</u>	<u>2,000,000</u>

	March 2013 N'000	Dec; 2012 N'000
Issued and fully paid Share capital		
Value		
Ordinary shares of 50kobo each		
Balance at beginning of the year	600,000	600,000
Movement in share	400,000	-
Balance at the end of the period	<u>1,000,000</u>	<u>600,000</u>
Balance at beginning of the year	1,200,000	1,200,000
Movement in share	800,000	-
Balance at the end of the period	<u>2,000,000</u>	<u>1,200,000</u>

Further to the Annual General Meeting of the Company held at the Lagos Airport Hotel Ikeja on 27th of July 2012 where Shareholders of the Company through a special resolution authorised the directors to issue 800,000,000 Ordinary shares of 50kobo each of the Company by way of Special Placing to UAC of Nigeria Plc at an agreed price of N1.13 per share. The Placement proceeds of N904,000,000 after SEC approval was paid by UAC Plc on the 8th February 2013 and SEC approval for allotment was gotten on 18th March 2013.

This increased the share capital of the company from N600million to N1billion while a total sum of N18.567million had been spent as issuing cost as at 31st March 2013 and defrayed against the share premium of N504million as indicated below:

	March 2013 N'000	Dec., 2012 N'000
16. Share premium		
Balance at beginning of the year	8,028	8,028
Movement	485,433	-
Balance at the end of the period	<u>493,461</u>	<u>8,028</u>

	March 2013 N'000	18 Dec., 2012 N'000
17. <u>Retained earnings</u>		
Balance at beginning of the year	(186,147)	(325,231)
Movement -Profit/loss for the period	33,800	139,084
Balance at the end of the period	<u>(152,347)</u>	<u>(186,147)</u>
	2013	2012
	N'000	N'000
18. <u>Other components of equity</u>		
Revaluation reserve		
Balance at beginning of the year	206,411	206,411
Movement -Profit/loss for the period	-	-
Balance at the end of the period	<u>-</u>	<u>-</u>
Revaluation surplus on		
Balance at beginning of the year	4,515	0
Movement -Profit/loss for the period	2,335	4,515
Balance at the end of the period	<u>6,850</u>	<u>4,515</u>
19. <u>Taxation</u>		
a) Current tax	2013	2012
	N'000	N'000
Balance at the beginning of the year	81,997	66,694
Current tax on profit	15,906	64,737
Adjustment for under provision in prior period	-	2,712.00
Total current tax	<u>97,903</u>	<u>134,143</u>
Payment during the period	-	(52,146)
	<u>97,903</u>	<u>81,997</u>
b) Deferred tax	N'000	N'000
Balance at the beginning of the year	58,024	47,853
Add: Charged for the year	259	10,171
Balance at the end of the period	<u>58,283</u>	<u>58,024</u>

20 **Reserves**

The following describes the nature and purposes of each reserve within equity:

Reserve	Description and Purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Revaluation reserve	Gains/losses arising on revaluation of the company's property(other than investment property)
Available -for-sale reserve	Gains/losses arising on financial assets classified as available for sale
Retained earnings	All other gains and losses and transactions with owners (e.g dividends) not recognised elsewhere

21 The calculation of basic earning per share is based on the company profit attributable to shareholders of approximately N33,799,761.32 (2012: N45,452,000) and the weighted average share of 1,466,666,667 ordinary sh (2012: 1,200,000,000) in issued during the period.