LIVESTOCK FEEDS PLC

UNAUDITED FINANCIAL STATEMENTS
30 SEPTEMBER 2015

	Notes	3 months to Sept. 2015	9 months to Sept. 2015	3 months to Sept. 2014	9 months to Sept. 2014
			N'000		N'000
Revenue	8	2,365,198	6,371,792	2,105,163	5,460,808
Cost of sales		(2,080,484)	(5,625,734)	(1,833,202)	(4,758,234)
Gross profit		284,715	746,058	271,961	702,574
Other operating income	10	58,139	186,344	29,625	77,163
Marketing and distribution expenses		(49,759)	(139,740)	(57,927)	(162,897)
Administrative expenses		(71,581)	(193,353)	(65,632)	(176,541)
Profit from operations		221,514	599,308	178,027	440,299
Finance expenses	11	(134,789)	(410,026)	(63,109)	(202,562)
Finance income	12	7,973	11,540	-	2,788
Net finance expense		(126,816)	(398,486)	(63,109)	(199,774)
Profit before taxation		94,698	200,821	114,918	240,525
Income tax expenses	14	(44,983)	(88,580)	(36,774)	(76,968)
Profit for the year after taxation		49,715	112,242	78,144	163,557
		-		-	
Other comprehensive income				-	
Items that will not be reclassified to profit and loss		-	-	-	-
Items that will be or may be reclassified to profit and loss		-	-	-	-
		-		-	
Total other comprehensive income		-	-	-	-
Total comprehensive income		49,715	112,242	78,144	163,557
Earnings per share					
Basic EPS (kobo)	15	2.49	5.61	3.91	8.18
Diluted EPS (kobo)	15	2.49	5.61	3.91	8.18

The accompanying notes on pages 7 to 55 form an integral part of these financial statements.

LIVESTOCK FEEDS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	Notes	September 2015 N'000	December 2014 N'000
Assets			
Property, plant and equipment	16a	812,237	765,098
Intangible assets	16c	6,171	5,652
Financial assets-available for sale	17a	9,776	11,311
Total non-current assets		828,184	782,061
Inventories	18	3,357,221	4,644,342
Trade and other receivables	19	309,099	146,355
Cash and cash equivalents	20	1,022,954	159,110
Assets held for sale	16d	20,023	20,919
Total current assets		4,709,297	4,970,726
Total assets		5,537,481	5,752,787
Equity and liabilities			
Equity			
Share capital	21	1,000,000	1,000,000
Share premium	22	470,780	493,702
Retained earnings		402,440	490,198
Total equity		1,873,219	1,983,900
Gratuity	23	-	-
Deferred tax	14d	96,310	84,801
Total non-current liabilities		96,310	84,801
Trade and other payables	24	1,690,767	1,688,396
Short-term borrowings	25	1,800,000	1,926,862
Dividends payable		101	101
Current tax payable	14c	77,084	68,727
Total current liabilities		3,567,952	3,684,086
Total equity and liabilities		5,537,481	5,752,787

The accompanying notes on pages 7 to 55 form an integral part of these financial statements.

The financial statements and notes on pages 3 to 55 were approved by the Board of Directors on 29th October 2015 and signed on its behalf by:

Larry Ettah	**Modupe Asanmo**	**Gideon F. Ogudu**
Chairman	**Managing Director**	**Finance Manager**
FRC/2013/IODN/00000002692	***FRC/2014/ICAN/00000006546***	***FRC/2013/ICAN/00000002925***

LIVESTOCK FEEDS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS ENDED 3O SEPTEMBER 2015

	Share Capital N'000	Share Premium N'000	Retained earnings N'000	Total Equity N'000
Balance at 1 January 2014	1,000,000	493,702	197,442	1,691,144
Comprehensive Income for the year :				
Profit for the year	-	-	163,556	163,556
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	163,556	163,556
Transactions with owners, recorded directly in equity:				
Issue of shares			-	-
Balance at 30 September 2014	1,000,000	493,702	360,998	1,854,700
Balance at 1 January 2015	1,000,000	493,702	490,198	1,983,900
Comprehensive Income for the year :				
Profit for the year	-	-	112,242	112,242
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	112,242	112,242
Transactions with owners, recorded directly in equity:				
Issue of shares cost		(22,922)		(22,922)
Dividend paid			(200,000)	(200,000)
Balance at 30 September 2015	1,000,000	470,780	402,440	1,873,219

The accompanying notes on pages 7 to 55 form an integral part of these financial statements.

LIVESTOCK FEEDS PLC

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Cash flows from operating activities:	Notes	September 2015 N'000	December 2014 N'000
Profit for the year		112,242	254,170
Adjustment for:			
Depreciation	16	92,397	87,623
Assets written off		-	182
Assets transferred		-	-
Adjustment in property, plant and equipment		-	-
Diminution in financial assets - available for sale	17	1,535	6,652
Interest paid	11	410,026	220,802
Interest received	12	(11,540)	(2,789)
Loss/(profit) on sale of property, plant & equipment		(7,237)	992
		597,424	**567,632**
Increase in inventories		1,287,121	(2,322,579)
Decrease/(increase) in trade and other receivables		(162,744)	154,928
Increase in trade and other payables		2,371	764,410
(Decrease)/increase in income tax payable		8,357	(37,766)
Increase/(decrease) in deferred taxation recognised in income		11,509	44,460
Decrease in provision for gratuity		-	(805.00)
Tax paid		-	-
Cash outflow from operating activities		**1,744,039**	**(829,720)**
Cash flows from investing activities			
Purchase of property, plant and equipment	16(a)	(141,292)	(161,607)
Proceeds from disposal of property, plant and equipment		9,368	2,799
Interest received	12	11,540	2,789
Net cash used in investing activities		**(120,384)**	**(156,019)**
Cash flows from financing activities			
Interest on loans and overdraft	11	(410,026)	(220,802)
Authorised share capital increase cost		(22,922)	-
Dividend paid		(200,000)	-
Net Proceeds from bank loans			
Repayment of bank loans		(126,862)	1,057,715
Net cash inflow from financing activities		**(759,810)**	**836,913**
Net (decrease)/increase in cash and cash equivalents		863,844	(148,826)
Cash and cash equivalents at beginning of the year		159,110	307,936
Cash and cash equivalents at end of the year	20	**1,022,954**	**159,110**

The accompanying notes on pages 7 to 55 form an integral part of these financial statements.

LIVESTOCK FEEDS PLC
FINANCIAL STATEMENTS, 30TH SEPTEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS

1 **Reporting entity**

Livestock Feeds Plc was incorporated on 20th March,1963 and commenced business on 20th May, 1963. The Company was quoted on the Nigerian Stock Exchange in 1978. The Company is engaged principally in the manufacturing and marketing of animal feeds and concentrates. The registered office of the Company is located at 1 Henry Carr Street, Ikeja Lagos

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 (IASB) and specifically in compliance with Interim Financial Reporting IAS 34

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

The financial statements were authorised for issue by the Board of Directors on 30 June 2015.

The preparation of financial statements 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, amendments and interpretation to existing standards that are not yet effective and have not been adopted early by the Company.**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (IASB) but are not yet effective, and have not been adopted early by the company.

Management anticipates that all of the relevant pronouncements will be adopted by the Company in the first period beginning after the effective date of the pronouncment. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below:

	IFRS	Nature of change	Application	Impact on initial Application
(i)	**IFRS 1 First-time Adoption of International Financial Reporting Standards**			
	Annual Improvements (2011–2013 Cycle) Issued December 2013	The amendment to the Basis for Conclusions clarifies that an entity has an option to use either: - The IFRSs that are mandatory at the reporting date, or - One or more IFRSs that are not yet mandatory, if those IFRSs permit early application.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact, as the Company has already adopted IFRS
(ii)	**IFRS 2 Share-based Payment**			
	Annual Improvements (2010-2012 Cycle) Issued December 2013	The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact as the Company has no share based payment
(iii)	**IFRS 3 Business Combinations**			
	Annual Improvements (2010-2012 Cycle) Issued December 2013	The amendment clarifies that contingent consideration is assessed as either being a liability or an equity instrument on the basis of IAS 32 Financial Instruments: Presentation, and also requires contingent consideration that is not classified as equity to be remeasured to fair value at each reporting date, with changes in fair value being reported in profit or loss.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact, as Company is not involved in any business combination.
	Annual Improvements (2011-2013 Cycle) Issued December 2013	The amendments to IFRS 3 clarify that: - The formation of all types of joint arrangements as defined in IFRS 11 (ie joint ventures and joint operations) are excluded from the scope of IFRS 3 - The scope exception only applies to the accounting by the joint arrangement in its own financial statements and not to the accounting by the parties to the joint arrangement for their interests in the joint arrangement.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact
(iv)	**IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**			
	Annual Improvements (2012-2014 Cycle) Issued December 2013	The amendment clarifies that the reclassification of an asset or disposal group from being held for sale to being held for distribution to owners, or vice versa is considered to be a continuation of the original plan of disposal. Upon reclassification, the classification, presentation and measurement requirements of IFRS 5 are applied. If an asset ceases to be classified as held for distribution to owners, the requirements of IFRS 5 for assets that cease to be classified as held for sale apply.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The Company will assess the impact on adoption of the Standard and when it holds assets as 'distribution to owner'

	IFRS	Nature of change	Application	Impact on initial Application
(v)	**IFRS 7 Financial Instruments: Disclosures**			
	Annual Improvements (2012-2014 Cycle)	The IASB clarified the circumstances in which an entity has continuing involvement from the servicing of a transferred asset. Continuing involvement exists if the servicer has a future interest in the performance of the transferred financial asset. Examples of situations where continuing involvement exists are where a transferor's servicing fee is: - A variable fee which is dependent on the amount of the transferred asset that is ultimately recovered; or - A fixed fee that may not be paid in full because of non-performance of the transferred financial asset. The amendment is required to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the amendment needs not to be applied for any period beginning before the annual period in which the entity first applies the A consequential amendment has been made to IFRS 1 First-time Adoption of International Financial Reporting Standards, in order that the same transitional provision applies to first time adopters. Applicability of the offsetting amendments in condensed interim financial statements A further amendment to IFRS 7 has clarified that the application of the amendment Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) issued in December 2011 is not explicitly required for all interim periods. However, it is noted that in some cases these disclosures may need to be included in condensed interim financial statements in order to comply with IAS 34.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The Company is yet to assess the impact of the adoption of this standard.
(vi)	**IFRS 8 Operating Segments**			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	The amendments require additional disclosures regarding management's judgements when operating segments have been aggregated in determining reportable segments, including: - A description of the operating segments that have been aggregated - The economic indicators considered in determining that the aggregated operating segments share similar economic characteristics. Reconciliation of the total of a reportable segment's assets to the entity's assets: The amendment clarifies that a reconciliation of the total of reportable segments assets to the entity's assets is only required if a measure of segment assets is regularly provided to the chief operating decision maker.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The Company would implement the standard on adoption.

	IFRS	Nature of change	Application	Impact on initial Application
(vii)	**IFRS 9 Financial Instruments**			
	IFRS 9 (2009) Issued: November 2009	IFRS 9 (2009) applies to all assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires that on initial recognition, all financial assets are measured at fair value (plus an adjustment for certain transaction costs if they are not measured as at fair value through profit or loss) and are classified into one of two subsequent measurement categories: - Amortised cost - Fair value. IFRS 9 (2009) eliminates the Held to Maturity (HTM), Available for Sale (AFS) and Loans and Receivables categories. In addition, the exception under which equity instruments and derivatives are measured at cost rather than fair value, where the fair value cannot be reliably determined, has been eliminated with fair value measurement being required for all of these instruments. A financial asset is measured after initial recognition at amortised cost only if it meets the following two conditions: 1. The objective of an entity's business model is to hold the financial asset in order to collect contractual cash flows 2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Can only be applied if an entity's date of initial application is before February 2015.	To be implemented on adoption of the standard.
		All other instruments are required to be measured after initial recognition at fair value. IFRS 9 (2009) retains the current requirement for financial instruments that are held for trading to be recognised and measured at fair value through profit or loss, including all derivatives that are not designated in a hedging relationship. Hybrid contracts with a host that are within the scope of IFRS 9 (2009) (ie a financial host) must be classified in their entirety in accordance with the classification approach summarised above. This eliminates the existing IAS 39 requirement to account separately for a host contract and certain embedded derivatives. The embedded derivative requirements under IAS 39 continue to apply where the host contract is a non-financial asset and for financial liabilities.		

	IFRS	Nature of change	Application	Impact on initial Application
		IFRS 9 (2009) includes an option which permits investments in equity instruments to be measured at fair value through other comprehensive income. This is an irrevocable election to be made, on an instrument by instrument basis, at the date of initial recognition. Where the election is made, no amounts are subsequently recycled from other comprehensive income to profit or loss. Where this option is not taken, equity instruments with the scope of IFRS 9 (2009) are classified as at fair value through profit or loss. Irrespective of the approach adopted for the equity instrument itself, dividends received on an equity instrument are always recognised in profit or loss (unless they represent a return of the cost of investment). Subsequent reclassification of financial assets between the amortised cost and fair value categories is prohibited, unless an entity changes its business model for managing its financial assets in which case reclassification is required. However, the guidance is restrictive and such changes are expected to be very infrequent. IFRS 9 (2009) states explicitly that the following are not changes in business model: 1. A change in intention relating to particular financial assets (even in circumstances of significant changes in market conditions) 2. A temporary disappearance of a particular market for financial assets 3. A transfer of financial assets between parts of the entity with different business models.		
(viii)	IFRS 9 (2010) Issued: October 2011	As noted above, IFRS 9 (2009) was published in November 2009 and contained requirements for the classification and measurement of financial assets. Equivalent requirements for financial liabilities were added in October 2010, with most of them being carried forward unchanged from IAS 39.		

	IFRS	Nature of change	Application	Impact on initial Application
		In consequence: '- A financial liability is measured as at fair value through profit or loss (FVTPL) if it is held for trading, or is designated as at FVTPL using the fair value option - Other liabilities are measured at amortised cost. In contrast to the requirements for financial assets, the bifurcation requirements for embedded derivatives have been retained; similarly, equity conversion features will continue to be accounted for separately by the issuer. However, some changes have been made, in particular to address the issue of where changes in the fair value of an entity's financial liabilities designated as at FVTPL using the fair value option, which arise from changes in the entity's own credit risk, should be recorded. This amendment is a result of consistent feedback received by the IASB from its constituents that changes in an entity's own credit risk should not affect profit or loss unless the IFRS 9 (2010) requires that changes in the fair value of financial liabilities designated as at FVTPL which relate to changes in an entity's own credit risk should be recognised directly in other comprehensive income (OCI). However, as an exception, where this would create an accounting mismatch (which would be where there is a matching asset position that is also measured as at FVTPL), an irrevocable decision can be taken to recognise the entire change in fair value of the financial liability in profit or loss.		
(ix)	IFRS 9 (2013) Issued: November 2013	Three significant changes/additions were made compared to the previous version of IFRS 9: - Add new hedge accounting requirements - Withdraw the previous effective date of 1 January 2015 and leave it open pending the completion of outstanding phases of IFRS 9 - Make the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option available for early adoption without early application of the other requirements of IFRS 9. The new hedge accounting requirements are more principles-based, less complex, and provide a better link to risk management and treasury operations than the requirements in IAS 39 Financial Instruments: Recognition and Measurement. The new model allows entities to apply hedge accounting more broadly to manage profit or loss mismatches, and as a result reduce 'artificial' hedge ineffectiveness that can arise under IAS 39.	Can only be applied if an entity's date of initial application is before February 2015.	

	IFRS	Nature of change	Application	Impact on initial Application
		Key changes introduced by the new model include: - Simplified effectiveness testing, including removal of the 80-125% highly effective threshold - More items will now qualify for hedge accounting, eg pricing components within a non-financial item, and net foreign exchange cash positions - Entities can hedge account more effectively the exposures that give rise to two risk positions (eg interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods - Less profit or loss volatility when using options, forwards, and foreign currency swaps - New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.		
(x)	IFRS 9 (2014) Issued: July 2014	IFRS 9 Financial Instruments (2014) incorporates the final requirements on all three phases of the financial instruments projects – classification and measurement, impairment, and hedge accounting. IFRS 9 (2014) adds to the existing IFRS 9: - New impairment requirements for all financial assets that are not measured at fair value through profit or loss . -Amendments to the previously finalised classification and measurement requirements for financial assets. In a major change, which will affect all entities, a new 'expected loss' impairment model in IFRS 9 (2014) replaces the 'incurred loss' model in IAS 39 Financial Instruments: impairment model is a more 'forward looking' model in that a credit event (or impairment 'trigger') no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.	Mandatory adoption for periods beginning on or after 1 January 2018. Early adoption permitted.	The Company is still assessing the impact of adoption.

	IFRS	Nature of change	Application	Impact on initial Application
		For trade receivables there is a practical expedient to calculate expected credit losses using a provision matrix based on historical loss patterns or customer bases. However, those historical provision rates would require adjustments to take into account current and forward looking information. The new impairment requirements are likely to bring significant changes. Although provisions for trade receivables may be relatively straightforward to calculate, new systems and approaches may be needed. However, for financial institutions the changes are likely to be very significant and require significant changes to internal systems and processes in order to capture the required information. In other changes, IFRS 9 (2014) also introduces additional application guidance to clarify the requirements for contractual cash flows of a financial asset to be regarded as giving rise to payments that are Solely Payments of Principal and Interest (SPPI), one of the two criteria that need to be met for an asset to be measured at amortised cost. Previously, the SPPI test was restrictive, and the changes in the application of the SPPI test will result in additional financial assets being measured at amortised cost. For example, certain instruments with regulated interest rates may now qualify for amortised cost measurement, as might some A third measurement category has also been added for debt instruments - FVTOCI. This new measurement category applies to debt instruments that meet the SPPI contractual cash flow characteristics test and where the entity is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets. In comparison with previous versions of IFRS 9, the introduction of the FVTOCI category may result in less profit or loss volatility, in particular for entities such as insurance companies which hold large portfolios with periodic buying and selling The amendments could lead to significant reclassifications of debt instruments across the different measurement categories: amortised cost, FVTOCI, and FVTPL. This may lead to less volatility in profit or loss for debt investment portfolios, but greater equity volatility if assets are reclassified from amortised cost to FVTOCI (which could affect regulatory capital).		

	IFRS Reference	Nature of change	Application date	Impact on initial Application
(xi)	IFRS 9 (own credit risk requirements)	IFRS 9 (2014) provides an option to early adopt the 'own credit' provisions for financial liabilities measured at fair value through profit or loss (FVTPL) under the fair value option without any of the other requirements of IFRS 9. This option will remain available until 1 January 2018. Entities that use the fair value option and designate financial liabilities at fair value through profit or loss (FVTPL) present the fair value changes in 'own credit' in OCI instead of profit or loss. Therefore, for financial liabilities designated at FVTPL, entities can continue to apply IAS 39 Financial Instruments: Recognition and Measurement but follow the presentation requirement in IFRS 9 and present the changes in 'own credit' in OCI. This amendment is expected to mainly affect financial institutions and insurers.	Can be applied until the effective date of IFRS 9 (2014) which is 1 January 2018.	
(xii)	**IFRS 10 Consolidated financial statements**			
	Amendments to IFRS 10 Issued: September 2014	Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments clarify the accounting for transactions where a parent loses control of a subsidiary, that does not constitute a business as defined in IFRS 3 Business Combinations, by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method. In the case of any retained interest in the former subsidiary, gains and losses - The retained interest is accounted for as an associate or joint venture using the equity method: The parent recognises the gain or loss in profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The remainder is eliminated against the carrying amount of the investment in the associate or joint venture. - The retained interest is accounted for at fair value in accordance with IFRS 9 Financial Instruments: The parent recognises the gain or loss in full in profit or loss.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
(xiii)	**IFRS 11 Joint Arrangements**			
	Amendments to IFRS 11 Issued: May 2014	Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations The amendments require an entity to apply all of the principles of IFRS Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined by IFRS 3. The amendment also includes two new Illustrative Examples: - Accounting for acquisitions of interests in joint operations in which the activity constitutes a business - Contributing the right to use know-how to a joint operation in which the activity constitutes a business. A consequential amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards has also been made, to clarify that the exemption from applying IFRS 3 to past business combinations upon adoption of IFRS also applies to past acquisitions of interests in joint operations in which the activity of the joint operation constitutes a business, as defined in IFRS 3.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.
(xiv)	**IFRS 13 Fair Value Measurement**			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	The amendment clarifies that short-term receivables and payables with no stated interest rate can still be measured at the invoice amount without discounting, if the effect of discounting is immaterial.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted	No impact.
(xv)	**Scope of IFRS 13.52 (portfolio exemption)**			
	Improvements (2011-2013 Cycle) Issued: December 2013	IFRS 13.52 defines the scope of the exception that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis. This is often referred to as the portfolio exception. The amendment clarifies that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments if this has been adopted early), regardless of whether they meet the definition of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact.
(xvi)	**IFRS 14 Regulatory Deferral Accounts**			
	IFRS 14 Issued: January 2014	In many countries, industry sectors (including utilities such as gas, electricity and water) are subject to rate regulation where governments regulate the supply and pricing. This can have a significant effect on the amount and timing of an entity's revenue. Some national GAAPs require entities that operate in industry sectors subject to rate regulation, to recognise associated assets and liabilities. The scope of IFRS 14 is narrow, with this extending to cover only those entities that:	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
		- Are first-time adopters of IFRS - Conduct rate regulated activities - Recognise associated assets and/or liabilities in accordance with their current national GAAP. Entities within the scope of IFRS 14 would be afforded an option to apply their previous local GAAP accounting policies for the recognition, measurement and impairment of assets and liabilities arising from rate regulation, which would be termed regulatory deferral account balances. Any regulatory deferral account balances, and their associated effect on profit or loss, would be recognised and presented separately from other items in the primary financial statements. As a result, for those entities that elect to adopt IFRS 14, all other line items and subtotals would exclude the effects of regulatory deferral accounts, meaning that they would be comparable with other entities that report in accordance with IFRS but do not apply Application guidance is included in IFRS 14 in respect of other IFRSs that would need to be considered alongside the previous national GAAP accounting requirements in order for these regulatory deferral accounts to be accounted for appropriately in an entity's IFRS financial statements, including: - IAS 10 Events after the Reporting Period - IAS 12 Income Taxes - IAS 28 Investments in Associates and Joint Ventures - IAS 33 Earnings per Share - IAS 36 Impairment of Assets - IFRS 3 Business Combinations - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - IFRS 10 Consolidated Financial Statements - IFRS 12 Disclosure of Interests in Other Entities.		

	IFRS Reference	Nature of change	Application date	Impact on initial Application
(xvii)	**IFRS 15 Revenue from Contracts with Customers**			
	IFRS 15 Issued: May 2014	IFRS 15 Revenue from Contracts with Customers supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services).The objective of IFRS 15 is to clarify the principles of revenue recognition. This includes removing inconsistencies and perceived weaknesses and improving the comparability of revenue recognition practices across companies, industries and capital markets. In doing so IFRS 15 establishes a single revenue recognition framework. The core principle of the framework is, that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods To accomplish this, IFRS 15 requires the application of the following five steps: 1. Identify the contract 2. Identify the performance obligation(s) 3. Determine the transaction price 4. Allocate the transaction price to each performance obligation 5. Recognise revenue when each performance obligation is satisfied. IFRS 15 also includes specific guidance related to several additional topics, some of the key areas are: - Contract costs - Sale with a right of return - Warranties - Principal vs agent considerations - Customer options for additional goods and services - Customers unexercised rights - Non-refundable upfront fees (and some related costs) - Licensing Repurchase agreements - Consignment arrangements - Bill-and-hold arrangements - Customer acceptance. Furthermore the guidance significantly enhances the required qualitative and quantitative disclosures related to revenue. The main objective of the requirements is the disclosure of sufficient information in terms of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In order to meet this objective, IFRS 15 requires specific disclosures for contracts with customers and significant judgements.	Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted.	The Company is currently assessing the impact on adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
(xviii)	**IAS 16 Property, Plant and Equipment**			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	Revaluation method – proportionate restatement of accumulated depreciation The amendment clarifies the computation of accumulated depreciation when items of property, plant and equipment are subsequently measured using the revaluation model. The net carrying amount of the asset is adjusted to the revalued amount, and either: i. The gross carrying amount is adjusted in a manner consistent with the net carrying amount (eg proportionately to the change in the [net] carrying value, or with reference to observable market data). Accumulated depreciation is then adjusted to equal the difference between the gross and net carrying amounts ii. Accumulated depreciation is eliminated against the gross carrying amount.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
(xix)	**Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation**			
	Amendments to IAS 16 Issued: May 2014	Paragraph 62A of IAS 16 has been added to prohibit the use of revenue-based methods of depreciation for items of property, plant and equipment. Paragraph 62A clarifies that this is because the revenue generated by an activity that includes the use of an item of property, plant and equipment generally reflects factors other than the consumption of the economic benefits of the item, such as: - Other inputs and processes - Selling activities and changes in sales - Volumes and prices, and - Inflation. Paragraph 56 of IAS 16, which includes guidance for the depreciation amount and depreciation period, has been expanded to state that expected future reductions in the selling price of items produced by an item of property, plant and equipment could indicate technical or commercial obsolescence (and therefore a reduction in the economic benefits embodied in the item), rather than a change in the depreciable amount or period of the item.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The Company is currently assessing the impact on adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
(xx)	**IAS 19 Employee Benefits**			
	Amendments to IAS 19 Issued: November 2013	Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions The amendment introduces a narrow scope amendments that: - Provides a practical expedient for certain contributions from employees or third parties to a defined benefit plan, but only those contributions that are independent of the number of years of service - Clarifies the treatment of contributions from employees or third parties to a defined benefit plan that are not subject to the practical expedient. These are accounted for in the same way that the gross benefit is attributed in accordance with IAS 19.70. Contributions that are independent of the number of years of service include: - Contributions that are based on a fixed percentage of salary - Contributions of a fixed amount throughout the service period - Contributions that are dependent on the employee's age.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
(xxi)	**IAS 19 Employee Benefits**			
	Annual Improvements (2012-2014 Cycle) Issued: September 2014	The guidance in IAS 19 has been clarified and requires that high quality corporate bonds used to determine the discount rate for the accounting of employee benefits need to be denominated in the same currency as the related benefits that will be paid to the employee. Entities are required to apply the amendment from the earliest comparative period presented in the financial statements, with initial adjustments being recognised in retained earnings at the beginning of that period.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
(xxii)	**IAS 24 Related Party Disclosures**			
	Annual Improvements (2010-2012 Cycle) December 2013	The amendment clarifies that an entity that provides key management personnel services (management entity) to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity, and: - Would require separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity - Would not require disaggregated disclosures by the categories set out in IAS 24.17.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
(xxiii)	**IAS 27 Separate Financial Statements**			
	Amendments to IAS 27 Issued: August 2014	The amendments include the introduction of an option for an entity to account for its investments in subsidiaries, joint ventures, and associates using the equity method in its separate financial statements. The accounting approach that is selected is required to be applied for each category of investment. Before the amendments, entities either accounted for its investments in subsidiaries, joint ventures or associates at cost or in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for those entities that have yet to adopted IFRS 9). The option to present its investments using the equity method result in the presentation of a share of profit or loss, and other comprehensive income, of subsidiaries, joint ventures and associates with a corresponding adjustment to the carrying amount of the equity accounted investment in the statement of financial position. Any dividends received are deducted from the carrying amount of the equity accounted investment, and are not recorded as income in profit or loss. A consequential amendment was also made to IAS 28 Investments in Associates and Joint Ventures, to avoid a potential conflict with IFRS 10 Consolidated Financial Statements for partial sell downs.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
(xxiv)	**IAS 34 Interim Financial Reporting**			
	Annual Improvements (2012-2014 Cycle) Issued: September 2014	The requirements of paragraph 16A of IAS 34 require additional disclosures to be presented either in the: - Notes to the interim financial statements or - Elsewhere in the interim financial report. The amendment clarifies, that a cross-reference is required, if the disclosures are presented 'elsewhere' in the interim financial report, such as in the management commentary or the risk report of an entity. However, to comply with paragraph 16A of IAS 34, if the disclosures are contained in a separate document from the interim report, that document needs to be available to users of the financial statements on the same terms and at the same time as the interim report itself.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
(xxv)	**IAS 38 Intangible Assets**			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	The amendment clarifies the computation of accumulated amortisation when intangible assets are subsequently measured using the revaluation model. The net carrying amount of the asset is adjusted to the revalued amount, and either: i. The gross carrying amount is adjusted in a manner consistent with the net carrying amount (eg proportionately to the change in the [net] carrying value, or with reference to observable market data). Accumulated amortisation is then adjusted to equal the difference between the gross and net carrying amounts ii. Accumulated amortisation is eliminated against the gross carrying amount.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
(xxvi)	Amendments to IAS 38 Issued: May 2014	The amendments clarify that for intangible assets there is a rebuttable presumption that amortisation based on revenue is not appropriate. Paragraphs 98A - 98C of IAS 38 have been added to clarify that there is a presumption that revenue-based amortisation is not appropriate, and that this can only be rebutted in limited circumstances where either: - The intangible asset is expressed as a measure of revenue, or - Revenue and the consumption of the economic benefits of the intangible asset are highly correlated. Paragraph 98B clarifies that as a starting point to determining an appropriate amortisation method, an entity could determine the 'predominant limiting factor' inherent in the intangible asset, for example: - A contractual term which specifies the period of time that an entity has to use an asset - Number of units allowed to be produced - Fixed total amount of revenue allowed to be received. Paragraph 98C then clarifies that where an entity has identified that the achievement of a revenue threshold is the predominant limiting factor of an intangible asset, it may be possible to rebut the presumption that revenue-based amortisation is not appropriate.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
(xxvii)	**IAS 40 Investment Property**			
	Annual Improvements (2011-2013 Cycle) Issued: December 2013	The amendment notes that determining whether the acquisition of an investment property is a business combination requires consideration of the specific requirements of IFRS 3, independently from the requirements of IAS 40, in relation to: - Whether the acquisition of investment property is the acquisition of an asset, a group of assets, or a business combination (by applying the requirements of IFRS 3 only) - Distinguishing between investment property and owner-occupied property (by applying the requirements of IAS 40 only).	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
(xxviii)	**IAS 41 Agriculture**			
	Amendments to IAS 41 Issued: June 2014	The amendments extend the scope of IAS 16 Property, Plant and Equipment to include bearer plants and define a bearer plant as a living plant that: - Is used in the production process of agricultural produce, - Is expected to bear produce for more than one period; and - Has a remote likelihood of being sold (except incidental scrap sales). The changes made result in bearer plants being accounted for in accordance with IAS 16 using either: - The cost model, or - The revaluation model. The agricultural produce of bearer plants remains within the scope of IAS 41 Agriculture. The amendments include the following transitional reliefs for the purposes of their first time application: - Deemed cost exemption – Entities are allowed to use the fair value of the bearer plants at the beginning of the earliest period presented as the deemed cost. - Disclosures – Quantitative information describing the effect of the first time application as required by IAS 8.28(f) is not required for the current reporting period, but is required for each prior period presented.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

5 Significant accounting policies:

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

a) 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.

b) Finance income and finance cost

Finance income comprises interest income on short-term deposits with banks.

Interest income on short-term deposits is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount in the income statement.

Dividend income from investments is recognised in the income statement when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company) and the amount of income can be measured reliably.

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

c) Property, Plant and Equipment

i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Items of property, plant and equipment under construction are disclosed as capital work in progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the income statement.

ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing and maintenance of an item of property, plant and equipment are recognised in the income statement during the period in which they are incurred.

iii) **Depreciation**

Depreciation is calculated on items of property, plant and equipment to write down the cost of each property, plant and equipment until they are brought into use.

The principal annual rates used for this purpose, which are consistent with those for the previous years, are as follows:

	% per annum
Freehold land & building	3
Leasehold building	shorter of 33 years 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

The assets depreciable methods, useful lives and residual values are reviewed annually and adjusted if necessary.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

iv) Derecognition

Derecognition is included in the profit and loss component of the statement of comprehensive income within other income' in the year that the asset is derecognised.

d) **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 and handling 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 costs expected to be incurred to completion and disposal. Obsolete, slow-moving or defective items are impaired where appropriate.

e) **Borrowing Costs**

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.

f) **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. All other lease arrangement apart from finance lease is operating lease.

g) **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.

h) **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 dominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Exchange differences arising on settlement of monetary items or on the retranslation of monetary items at rates different from those at 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.

i) **Financial instruments**

i) Financial assets

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

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The company's financial assets comprise of loans and receivables, Trade and other receivables and cash and cash equivalents

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

ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest method less any impairment losses. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents.

iii) Trade and other receivables

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

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

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

iv) Prepayments

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

v) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less.For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, bank balances, investments in money market instruments with maturity dates of less than three months and are risk free net of bank overdraft.

vi) Derecognition of financial assets

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

vii) Financial liabilities and equity instruments

Financial liabilities are initially recognised at fair value when the Company becomes a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method. The Company financial liabilities includes: trade and other payables.

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

viii) Trade payables

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

vix) Bank borrowings

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

Borrowings to be settled within twelve months period are classified as current liabilities while borrowings to be settled over twelve months are classified as non-current liabilities.

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

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

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument’s fair value using an observable market price.

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

j) Share capital, reserves and dividends

i) Share capital
Share capital represents the nominal value of shares that have been issued.

ii) Reserves
Reserves include all current and prior period retained earnings.

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

k) **Employee benefits**

Defined Contribution schemes
The group has two defined contribution plans for its employees;
i) A statutory pension scheme and
ii) A Gratuity scheme

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

(i) Pension Scheme
The Pensions Reform Act of 2004 and as ammended in 2014 requires all companies to pay a minimum of 8% of basic salary (including housing and transport allowances) to a pension fund on behalf of all full time employees to a pension fund administrator.
The contributions are recognised as employee benefit expenses when they are due. The company has no further payment obligation once the contributions have been paid.
(ii) Gratuity Scheme
Under the gratuity scheme, the company contributes on an annual basis a fixed percentage of some employees salary to a fund managed by a fund administrator. The funds are invested on behalf of the employees and they will receive a payout based on the return of the fund upon retirement.

l) **Provisions**

- A provision is recognized only 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 economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

  Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The unwinding of the discount is recognised as finance cost.

- 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:
  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.

m) **Taxation**

i) Current income tax

The income tax expense for the period comprises current and deferred tax expense. Tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date where the Company operates and generates taxable income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. The Company is subject to the following types of current income tax:

- Company Income Tax - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act, Cap C21, LFN 2004 as amended to date

- Tertiary Education Tax - Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act, LFN 2011

ii) Deferred tax

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

Deferred tax is not recognised for:

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

. taxable temporary differences arising on the initial recognition of goodwill.

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

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

n) **Related party transactions**

Related parties include the related companies, the directors, their close family members and any employee who is able to exert significant influence on the operating policies of the company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Where there is a related party transactions with the company, the transactions are disclosed separately as to the type of relationship that exists with the company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

6 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 estimatess and assumptions made to determine their carrying value and related depreciation are critical to the company's financial postion 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**

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

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

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

iv) **Legal Proceedings.**

In accordance with IFRS, the company recognises a provision where there is a present obligation from a 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 disclose 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 these statement 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.

7) **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 reports its findings to the Audit Committee.

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

Financial Management risk

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. Purchase limits are established for each customer, which represent 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 fluntuate because of changes in interest rates (interest rate risk),foreign exchange rates(currency risk) or other market factors(other price risk). The Company is exposed to cash flow interest rate risk from long term borrowings at variable rates.

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 meets 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

Revenue

8) The Company produces animal feeds which is 100% of its turnover. Other products include Fish feed and also an enzyme (Natuzyme) which is bought from other Companies for marketing and sales. The net margin on this is included in other income. Analysis of sales for the year is as follows:

	2015 N'000	2014 N'000
Aba	1,350,816	1,552,532
Ikeja	2,230,762	2,093,409
Benin	1,395,694	1,191,750
Northern operation	1,394,520	623,117
	6,371,792	5,460,808

Segment reporting

9) The Executive Management Team is the Company's Chief Operating Decision Maker. Management has determined operating segments based on the information reported and reviewed by the Executive Managemnt Team for the purposes of allocating resources and assessing performance. The Executive Management Team reviews internal management reports on at least a monthly basis. These internal reports are prepared on the same basis as the accompanying consolidated and seperate financial statements.

The Company has four reportable segments based on location of the principal operations as follows:

- Aba
- Ikeja
- Benin
- Northern operation

Segmental Revenue and operating profit - 30 September 2015

	Aba N'000	Ikeja N'000	Benin N'000	Northern operation N'000	Total N'000
From external customers	1,350,816	2,230,762	1,395,694	1,394,520	6,371,792
Intersegment revenue	-	-	-	-	-
Segment revenue	1,350,816	2,230,762	1,395,694	1,394,520	6,371,792
Cost of sales	(1,216,796)	(1,936,005)	(1,235,837)	(1,237,145)	(5,625,782)
Gross profit	134,020	294,757	159,858	157,375	746,010
Marketing & distribution expenses	(7,885)	(82,307)	(16,460)	(6,673)	(113,325)
Trading profit	126,135	212,450	143,397	150,702	632,685
Other income	54,938	52,108	51,886	26,293	185,224
Operating Profit	181,073	264,558	195,283	176,995	817,910
Finance expenses	(127,297)	(114,913)	(89,868)	(71,908)	(403,987)
Contribution to margin	53,776	149,645	105,415	105,087	413,923
Head Office					
Dividend income					43
Interest income					11,540
Gain on available for sales financial assets					(1,535)
Laboratory income					1,178
Insurance refund					502
Unrequired provision					44
Registration fee					775
Profit on disposal of asset					159
Net income on Natuzyme sale					-
Miscellaneous income					-
ITF refund					-
Administrative cost					(193,353)
Marketing Cost					(26,415)
Bank charges					(6,039)
Profit before tax					200,821

Segment assets and liabilities - 30 September 2015

Non-current assets	Head office	Aba	Ikeja	Benin	Northern operation	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipme	292,212	136,496	275,611	101,640	6,279	812,237
Intangible assets	6,171	-	-	-	-	6,171
Current assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Inventories	1,301,482	762,494	552,032	396,055	345,158	3,357,221
Trade and other receivables	16,895	62,410	155,706	55,507	18,581	309,099
Cash and cash equivalents	1,010,502	4,170	5,118	3,163	2	1,022,954
Assets held for sale	-	-	-	-	20,023	20,023
	2,328,879	829,073	712,856	454,724	383,764	4,709,297

The Inventories figure under the head office represents materials stock piled at the external warehouses in funtua, kano and Zaria and will be transferred to the various Mills in the current year while Trade and other receivables represents deposits for raw materials

Current liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Trade and other payables	1,402,171	47,867	82,263	97,149	61,317	1,690,767
Short-term borrowings	1,800,000	-	-	-	-	1,800,000
Dividend payable	101	-	-	-	-	101
Current tax payable	77,084	-	-	-	-	77,084
	3,279,357	47,867	82,263	97,149	61,317	3,567,952

Segmental Reporting - 30 September 2014	Aba	Ikeja	Benin	Northern operation	Total
	N'000	N'000	N'000	N'000	N'000
From external customers	1,552,532	2,093,409	1,191,750	623,117	5,460,808
Intersegment revenue	-	-	-	-	-
Segment revenue	1,552,532	2,093,409	1,191,750	623,117	5,460,808
Cost of sales	(1,371,462)	(1,775,534)	(1,037,915)	(573,323)	(4,758,234)
Gross profit	181,070	317,875	153,835	49,794	702,574
Marketing & distribution expenses	(9,349)	(96,013)	(13,119)	(9,661)	(128,142)
Trading Profit	171,721	221,862	140,716	40,133	574,432
Other income	1,988	2,864	7,057	264	12,173
Operating Profit	173,709	224,726	147,773	40,397	586,605
Finance expenses	(42,401)	(41,374)	(40,546)	(11,859)	(136,180)
Contribution to margin	131,308	183,352	107,227	28,538	450,425

Head Office	
Bad debt recovered	-
Interest income	2,788
Gains on available for sales financial assets	-
Laboratory income	421
Insurance refund	90
Dividend income	721
Loss on disposal of assets	(1,612)
Net income on Natuzyme sales	2,677
Miscellaneous income	241
ITF Refund	458
Unrequired provision	805
Administrative cost	(176,541)
Marketing cost	(34,755)
Bank charges	(5,193)
Profit before tax	240,562

Segment assets and liabilities

Non-current assets	**Head office**	**Aba**	**Ikeja**	**Benin**	**Kaduna**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Property, plant and equipme	230,298	108,015	328,112	108,492	32,462	807,379
Current assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Inventories	559,494	244,474	365,526	232,668	88,376	1,490,538
Trade and other recievables	264,528	58,753	111,918	19,887	24,075	479,161
Cash and cash equivalents	3,290	735	4,177	5,170	2,761	16,133
	827,312	303,962	481,621	257,725	115,212	1,985,831
Current liabilities	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade and other payables	557,301	90,955	70,067	5,569	17,280	741,172
Short-term borrowings	97,995	-	-	-	-	97,995
Dividend payable	101	-	-	-	-	101
Current tax payable	76,866	-	-	-	-	76,866
	732,263	90,955	70,067	5,569	17,280	916,134

In the year under review, unallocated operating income and expenses mainly constitute head office other income, 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.

10 **Other operating income**

The analysis of other operating income is as follows:

	2015	**2014**
	N'000	**N'000**
Sale of sacks	7,773	6,028
Rental Income	26	26
Laboratory income	1,181	421
Weighing income	2,057	1,858
Insurance claims received	502	90
Service charge	585	1,167
Net income on Natuzyme sales	-	2,677
Sales of scrap	3,591	475
Bad debt recovered	-	-
Gain/(loss) on disposal of property,plant and equipment	7,237	(1,522)
Registration fees & other Miscellaneous	835	256
ITF Refund	-	458
Dividend Income	34	721
Unrequired provision	44	805
Truck Income	2,113	2,514
Government grant	161,901	61,188
Gains on available for sales financial assets	(1,535)	
	186,344	77,162

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 19% commercial rate during the period

11 Finance expenses	N'000	N'000
The analysis of finance expense is as follows:		
Overdraft charges	16,102	20,349
Interest on loans	225,358	115,985
Bank COT	6,665	5,041
Government grants	161,901	61,188
	410,026	202,563

12 Finance income	N'000	N'000
The analysis of finance income is as follows:		
Interest received on bank deposits	11,540	2,788

Finance income represents interest income received from fixed deposit investments from a commercial bank

14 Taxation	September	September
Current Income tax	N'000	N'000
a) Profit and loss account		
Company income tax	**70,955**	72,158
Minimum Tax		
Tertiary education tax	**6,116**	4,811
	77,071	76,968
Deferred tax	11,509	-
Under provision in prior year	-	
	88,580	76,968

b) **Current tax payable**	N'000	N'000
Balance, beginning of the year	68,727	106,493
Income tax charge for the year (a)	77,071	68,714
Adjustment for under provision	-	35,310
	145,798	210,517
Payments during the year		
- Company income tax	(57,916)	(133,766)
- Education tax	(8,714)	(6,578)
Wihtholding tax credit	(2,084)	(1,446)
Balance, end of the year	77,084	68,727

d **Deferred taxation**

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

	Property, plant and equipment	Recognised in other comprehens ive income	allowances on inventory	Total
	N'000	N'000	N'000	N'000
As at 1 January 2015	84,801	-	-	84,801
Charge to income statement		11,509	-	11,509
At 30 September 2015	84,801	11,509	-	96,310

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

15 **Earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per shares is as follows:

	N'000	N'000
Profit for the year after taxation	112,242	163,556
Weighted number of ordinary shares for the purposes of basic earnings per share	2,000,000	2,000,000
Basic earnings per share	5.61	8.18
Weighted number of ordinary shares for the purposes of diluted Earning per share	2,000,000	2,000,000
Diluted earnings per share	5.61	8.18

The share issue proceeds was made available to the company on the 28th March 2013 after Securities and Exchange Commision approval

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

Cost/Valuation	**Land & Building**	**Machinery & equipment**	**Motor Vehicles**	**Furniture, fittings & equipment**	**Computer equipment**	**Construction in Progress**	**Total**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Balance as at 1 January 2015	339,762	437,755	126,914	16,331	13,112	140,038	1,073,912
Additions	1,497	31,941	1,395	4,515	6,952	91,689	137,989
Disposals	-	(11,070)	(3,112)	-	(113)		(14,294)
Transfers in	-	-	-	-	-		-
Transfers out		-	-	-	-		-
Writte off		-	-	-	-		-
Adjustment		-	-	-	-		-
Assets held for sales	-	-	-	-	-		-
Reclassification	-	-	-	-	-	-	-
Balance as at 30 September 2015	341,259	458,626	125,197	20,846	19,951	231,727	1,197,606

Accumulated depreciation	**Land & Building**	**Machinery & equipment**	**Motor Vehicle**	**Furniture & Fittings**	**Computer equipment**	**Construction in Progress**	**Total**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Balance as at 1 January 2015	130,884	108,895	55,732	5,112	8,191	-	308,814
Charge for the year	12,514	55,813	17,124	1,608	2,555	-	89,614
On disposals	-	(9,835)	(3,111)	-	(112)	-	(13,059)
Transfers in		-	-	-		-	-
Transfers out		-	-	-	-		-
Writte off						-	-
Assets held for sales							-
Reclassification	-	-	-	-	-		
Balance as at 30 September 2015	143,397	154,873	69,744	6,720	10,634	-	385,369
Carrying amounts at:							
30 September 2015	197,861	303,753	55,453	14,126	9,317	231,727	812,237
31 December 2014	208,878	328,860	71,182	11,219	4,920	140,038	765,098

16(b) **Property, Plant and Equipment**

Cost/Valuation	**Land & Building =N='000**	**Machinery & equipment =N='000**	**Motor Vehicles =N='000**	**Furniture, fittings & equipment =N='000**	**Computer equipment & software =N='000**	**Construction in Progress =N='000**	**Total =N='000**
Balance as at 1 January 2014	350,901	147,197	112,076	13,280	13,601	350,592	987,647
Additions	2,628	12,991	22,523	3,493	2,175	74,739	118,549
Disposals	-	-	(10,258)	-	(92)	-	(10,350)
Transfers in	-	-	-	-	-	-	-
Transfers out			-				-
Writte off	-	-	-	-	165	-	165
Adjustment	-	-	-	-	-	-	-
Reclassification	8,652	269,681	5,040	-	5,721	(283,973)	5,121
Balance as at 30 September 2014	362,181	429,869	129,381	16,773	21,570	141,358	1,101,132

Accumulated depreciation	**Land & Building =N='000**	**Machinery & equipment =N='000**	**Motor Vehicle =N='000**	**Furniture & Fittings =N='000**	**Computer equipment & software =N='000**	**Construction in Progress =N='000**	**Total =N='000**
Balance as at 1 January 2014	120,851	84,201	44,743	6,702	10,699	-	267,196
Charge for the year	12,713	24,276	26,130	1,159	2,310	-	66,588
On disposals	-	-	(6,024)	-	(92)	-	(6,116)
Transfers in	-	-	-	-	-	-	-
Transfers out			-		52		52
Writte off	-	-	-	-	-	-	-
Balance as at 30 September 2014	133,564	108,477	64,849	7,861	12,969	-	327,720
Carrying amounts at:							
30 September 2014	228,618	321,393	64,532	8,912	11,058	172,867	807,380

16c **Intangible assets**

Cost	**₦'000**
At 1 January 2015	**8,663**
Additions	3,303
Disposals	-
Write off	
Reclassification	
At 30 September 2015	**11,966**
At 1 January 2014	2,458
Additions	709
Write Off	(225)
Reclassification	5,721
At 31 December 2014	**8,663**
Accumulated amortisation	
At 1 January 2015	**3,011**
Amortisation charge	2,783
on disposals	-
Write off	
At 30 September 2015	**5,794**
At 1 January 2014	**2,458**
Amortisation charge	778
Disposals	-
Write off	(225)
At 31 December 2014	**3,011**
Net Book values as at:	
30 September 2015	**6,171**
31 December 2014	**5,652**

i) 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 StabicIBTC Bank interest of N1.1billion noted

ii) The Company has N200million CACS fund with StanbicIBTC 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 N5,595,257 has been capitalised under construction in progress.

iii) The intangible asset is the new software (Open Enterprise Resource Planning) acquired by the Company during year to replace the old Diamond discovery accounting package

16d	Assets held for sale	**=N='000**
	Cost	33,716
	Depreciation	(13,693)
	Net Book Value as at 30 September 2015	20,023

Assets held for sale is in respect of Kaduna Mill. During the year the Board of Directors decided to relocate the operations of the mill to Jos and went into toll milling arrangement with a related Company to maximize synergy within the group. Some of the Plant and equipments in the mill were transferred to other mills. The remaining property, plant and equipment are slated for sale in the current year.

17a **Available for sale financial assets**

The details and carrying amount of available for sale financial assets are as follows:

	September 2015		December 2014	
	Cost	Market	Cost	Market
	N'000	N'000	N'000	N'000
Balance at the begining of the year	19,999	11,311	19,999	17,963
diminution on available for sale financial assets	-	(1,535)	-	(6,652)
Balance at the end of the year	19,999	9,776	19,999	11,311

17b Available for sale financial assets represent investment in quoted shares in the following Companies: First Bank of Nigeria Plc, United Bank for Africa Plc, Zenith Bank Plc, AFRIPRUD and UBA Capital Plc. The fair value of the shares as at 31 December 2014 as obtained from Nigerian Stock Exchange is as analysed below:

	Number of Units	Price per unit	2015 Value
		=N=	=N=
First Bank of Nigeria Plc	308,759	6.2	1,914,306
United Bank for Africa Plc	53,550	4.21	225,446
Zenith Bank Plc	453,495	16.81	7,623,251
AFRIPRUD	1,622	2.67	4,331
UBA Capital Plc	6,490	1.44	9,346
			9,776,679

18 **Inventories**

	September 2015	December 2014
	N'000	N'000
Raw materials	2,584,820	3,405,356
Finished goods	133,392	98,697
Engineering spares	20,433	8,653
Stock-in-transit	-	673
Diesel	590	1,521
Stock with third party for conversion	617,851	1,129,415
Other consumables	134	28
	3,357,221	4,644,342

19 a **Trade and other receivables**

	N'000	N'000
Gross trade receivables	271,491	101,559
Less: impairment (Note 19 (c))	(16,695)	(45,753)
Total financial assets other than cash and cash equivalents	254,796	55,806
Deposit for materials	120	11,177
Other debtors	12,927	4,908
Prepayments	40,231	71,184
Amount due from related Companies Note (19(b))	1,025	3,280.00
	309,099	146,355

The stock with third party for conversion represents the value of the company's stock of Raw Soya Seeds with Northern Rice Oil Mill Ltd and Apple & Pear ltd for the conversion of the rawseeds to Soya Bean Cake and Soya Bean Meal respectively

19(b) **Companies**

	N'000	N'000
Amount due from WARM SPRING	1,025	780.08
Grand Cereals Oil Ltd	0	2,500.24
UACN Plc	-	-
	1,025	3,280.32

a) The age analysis of trade receivables is as analysed below:

	September 2015 N'000	December 2014 N'000
0 - 90 days	228,446	48,035
91 - 180 days	24,463	615
181 - 360 days	654	1,233
Over 360 days	20,621	51,676
	274,184	101,559

b) Trade receivables that are past due but not impaired are as follows:

	2015 N'000	2014 N'000
Ikeja	3,950	3,962
Aba	1,024	1,537
Benin	-	2,569
Kaduna	-	
	4,974	8,068

The Managements are of the opinion that the receivables are recoverable

c) Trade receivables that are past due and impaired are as follows:

	2015 N'000	2014 N'000
Ikeja	7,943	26,076
Aba	5,100	8,651
Benin	3,258	8,390
Kaduna	-	2,819
	16,301	45,936

20 **Cash and cash equivalents**

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

	N'000	N'000
Bank balances	122,954	64,251
Short term investment	900,000	243,685
	1,022,954	307,936

The short term investment (financial asset held to maturity) in 2015 represents fund fixed with GTBank Plc(N700Million) at 11% and Zenith Bank(N200million) at 10.5% p.a as at 30th September 2015

21 **Share capital**

Authorised

Value

	N'000	N'000
2,000,000,000 ordinary shares of 50kobo each	1,000,000	1,000,000

Number	000	000
2,000,000,000 ordinary shares of 50kobo each	2,000,000	2,000,000

Issued and fully paid Share capital

Value

2,000,000,000 ordinary shares of 50kobo each	N'000	N'000
Balance at beginning of the year	1,000,000	1,000,000
Additions during the year	-	
Balance at the end of the year	1,000,000	1,000,000

Number		
2,000,000,000 ordinary shares of 50kobo each	**000**	**000**
Balance at beginning of the year	2,000,000	2,000,000
Movement in share		
Balance at the end of the period	2,000,000	2,000,000

The Company received the sum of N904 million being special placement proceeds from UACN Plc of Nigeria on 8th February 2013. The Securities and Exchange Commission approved the allotment of the shares on 18th March 2013. As a result, there was an increase in share capital from N600 million to N1 billion while a total sum of N18.326 million was incurred as issuing cost as at 31 December 2013 and defrayed against the share premium of N504million:

22 **Share premium**

The movement in share premium during the year is as follows:	**2015**	**2014**
	N'000	**N'000**
Balance at beginning of the year	493,702	493,702
Addition during the year		
Issuing cost	(22,922)	
Balance at the end of the year	470,780	493,702

23 **Gratuity**

	N'000	**N'000**
Balance at the beginning of the year		805
Addition during the year	-	-
	-	
Payment during the year		(805)
Balance at the end of the year	-	-

24 **Trade and other payables**

	N'000	**N'000**
Trade creditors	214,589	960,932
Accruals (Note 24(a))	62,493	51,096
Other creditors (Notes 24(c))	78,500	60,233
Amount due to related companies (Note 24(d))	1,335,185	616,135
	1,690,767	1,688,396

a) **Accruals**

	N'000	**N'000**
Ex-staff balances	3,007	3,007
Provision for interest	7,470	7,633
Accrued staff benefits	19,184	12,238
Professional fees	5,589	4,265
Listing, register and others	1,421	-
Industrial trainning fund	1,717	1,000
Other accrued expenses (Note 24(b))	24,106	22,954
	62,493	51,096

b) **Other accrued expenses**

	N'000	**N'000**
Promotional expenses	12,957	3,287
Accrued legal expenses-Ceres Nig Ltd and Bemil Nig Ltd	5,801	5,801
others	5,348	13,867
	24,106	**22,954**

c)	**Other Creditors**	**N'000**	**N'000**
	Withholding tax	12,128	8,652
	NSITF	1,082	734
	NHF	-	120
	Pay as you earn (PAYE)	886	897
	Trade incentives	9,760	7,379
	VAT	39	128
	Deposit for feeds delivery	54,606	40,994
	Pension	-	1,329
		78,500	60,233

d)	**Amount due to related Companies**	**N'000**	**N'000**
	MDS logistics	2,860	12,008
	Amount due to UACN Plc	1,043,094	411,946
	Amount due to CAP Plc	161,907	161,970
	Amount due to Grand Cereals Ltd	127,324	30,211
		1,335,185	616,135

25 **Bank loans and borrowings**

Current	**N'000**	**N'000**
Bank Overdraft	-	126,862
Secured bank loans (Note 25(a))	1,800,000	1,800,000
	1,800,000	1,926,862

a) The Company fully liquidated the N1.1bn Agric Loan under the Commercial Agriculture Credit Scheme which expired on the 30th September 2014 and was renewed by Central Bank of Nigeria in December with an enhancement of N800million i.e N2billion was disbursed to the company through Stanbic IBTC at the prevailing rate of 9%, N1.8billion would be for working capital while N200million is for the acquisition of the two 2500MT storage capaity Silos and an Extruder Machine currently under installation

b) The sum of N500million term loan and N500million overdraft facilities was approved by Zenith bank Plc for the company to stock pile materials at the rate of 17% p.a but the interest was increased to 19% in the current in line with the prevailing market condition. The facility have been fully paid down and the company is not indebted to the bank as at 30th September 2015

30 September , 2015	**Floating rate N'000**	**Fixed rate N'000**	**Total N'000**
Expiry within 1 year	-	2,800,000	2,300,000
Expiry within 1 and 2 years	-	-	-
Expiry in more than 2 years	-	200,000	200,000

31 December , 2014	**Floating rate N'000**	**Fixed rate N'000**	**Total N'000**
Expiry within 1 year	-	2,300,000	2,300,000
Expiry within 1 and 2 years	-	-	-
Expiry in more than 2 years	-	200,000	200,000

26 Related party transactions

The company's related parties consist of companies within the UACN Plc group and the parent company itself, their key management personnel and their close family members,

The following transactions were carried out with related parties:

(i) The sum of N950 million term loan was received from the Parent company UACN Plc at the rate of 14.5% P.a to boost the working capital of the company and specifically for the stockpiling of materials during the harvesting season which is the last quarter of the year. The sum of N1,043,094,402 is payable to UACN as at 30th September 2015

(ii) The company also got a term loan of N160mllion from CAP plc which is also a member of the UACN group for the same purpose of material stockpiling at the rate of 14.5% p.a for 90days with option of roll over. The sum of N161,906,849.32 remain outstanding in respect of this facility as at 30th September 2015

(iii) The company had a toll milling agreement with Grand Cereal Ltd which is also another subsidiary of UACN Plc for its northern operation and the amount payable as at 30th 30t September 2015 is N127million

27 Capital commitments and contingent liabilities

	2015	2014
	N'000	N'000
Capital expenditure authorised	329,170	248,240
Capital expenditure authorised & contracted	200,000	100,876

28 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with International Financial Reporting Standards (IFRS).

29 Principal Financial instruments:

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

- Trade receivables
- Cash and Cash equivalents
- Trade and other payables
- Bank overdraft
- Fixed rate bank loans
- Investments in quoted securities

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

Financial assets	**N'000**	**N'000**
Cash and cash equivalents	1,022,954	159,110
Trade and other receivables	309,099	146,355
Investment in quoted securities	9,776	11,311
	1,341,829	**316,776**

Financial Liabilties	**N'000**	**N'000**
Trade and other payables	1,690,767	1,688,396
Loans and borrowings	1,800,000	1,926,862
	3,490,767	**3,615,258**

ii) **Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US dollar as a result of importing some micro materials notably natuzyme and spare parts for its extruder machine.

The company does not make use of derivatives to hedge its exposures. Letters of credit are issued by the company to the foreign suppliers for the direct purchase of materials,other materials are purchased through local importers in Naira.

	30 SEPTEMBER 2015				
	Naira	USD	GBP	Others	Total
	N'000	N'000	N'000	N'000	N'000
Financial assets					
Available for sale investments	9,776	-	-	-	9,776
Trade and other receivables	309,099	-	-	-	309,099
Cash and short-term deposits	1,022,954				1,022,954
	1,341,829	**-**	**-**	**-**	**1,341,829**
Financial liabilities					
Trade and other payables	1,690,767	-	-	-	1,690,767
Loans and borrowings	1,800,000	-	-	-	1,800,000
	3,490,767	**-**	**-**	**-**	**3,490,767**

	31 December 2014				
	Naira	USD	GBP	Other	Total
	N'000	N'000	N'000	N'000	N'000
Financial assets					
Available for sale investments	11,311	-	-	-	11,311
Trade and other receivables	146,355	-	-	-	146,355
Cash and short-term deposits	159,110				159,110
	316,776	**-**	**-**	**-**	**316,776**
Financial liabilities					
Trade and other payables	1,688,396	0	0	0	1,688,396
Loans and borrowings	1,926,862	-	-	-	1,926,862
	3,615,258	**-**	**-**	**-**	**3,615,258**

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held by the company and classified in the staement of financial position as available-for-sale.
The company is also exposed to the commodity price risk of grains (maize, soya beans and wheat) due to seasonal trends and the availability of harvest produce. The Company does not hedge against this risk and no commodity exchange exists within Nigeria. There are operational controls in place to monitor qualities and to ensure that sufficient quantities are produced and stored in silos and warehouses in the harvest seasons for the gradual milling during the year.In case of local crop failure resulting in shortages, import action are undertaken in colaboration with Grand Cereals Limited which is also a subsidiary of UACN

(iii) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from only short-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the company to fair value interest rate risk. The boards of the company set its own borrowing limits under the parent company guidance.

	30 June 2015			
	Weighted average Interest rate	Interest bearing Variable rate	Fixed rate	Non-interest bearing
Financial assets				
Available for sale investments		-	-	9,776
Trade and other receivables		-	-	309,099
Cash and bank balances		-	-	1,022,954
Short-term deposits	20	-	900,000	-
		-	**900,000**	**1,341,829**
Financial liabilities				
Trade and other payables		-	-	1,690,767
Loans and borrowings	25		1,800,000	-
		-	**1,800,000**	**1,690,767**

	31 December 2014			
	Weighted average Interest rate	Interest bearing Variable rate	Fixed rate	Non-interest bearing
Financial assets		-	-	-
Available for sale investments		-	-	11,311
Trade and other receivables		-	-	146,355
Cash and bank balances		-	-	159,110
		-	**-**	**316,776**
Financial liabilities				
Loans and borrowings	25	-	1,926,862	-
Trade and other payables		-	-	1,688,396
		-	**1,926,862**	**1,688,396**

(b) Credit risk

Credit risk is monitored and managed by the credit commitee on weekly basis. The credit committe analyses the credit risk for each of the new customer before standard payment and delivery terms and conditions are offered

Credit risk arises from cash and cash equivalents, accounts receivable and deposits with banks and financial institutions.

For banks and financial institutions, the Company utilises institutions that have manageable reputational risk but do not strictly monitor their formal ratings. In addition the group monitors its exposures with individual institutions and has internal limits to control maximum exposures. The Company does not maintain a minimum threshold for its investments based on credit rating. When considering investments the Company compares the risk exposure to the returns provided by the institution.

Credit terms are set with customers based on past experiences, payment history and reputation of the customers are short term, typically 14 days.

Concentration of credit risk

	30 September 2015			
	Total gross amount	**Fully performing**	**Past due but not impaired**	**Impaired**
Trade receivables	271,491	242,571	11,456	16,695
Receivables from group Companies	-	-	-	-
Other receivables	-	-	-	-
Advances to staff			-	-
Cash and bank balances	122,954	122,954	-	-
Short term deposits	900,000	900,000	-	-
	1,294,445	1,265,526	11,456	16,695

	31 December 2014			
	Total gross amount	**Fully performing**	**Past due but not impaired**	**Impaired**
Trade receivables	274,184	252,909	4,580	16,695
Receivables from group Companies	-	-	-	-
Other receivables	-	-	-	-
Advances to staff			-	-
Cash and bank balances	117,764	117,764	-	-
Short term deposits	41,346	41,346	-	-
	433,294	**412,019**	**4,580**	**16,695**

Details of the credit quality of performing assets are as follows:
Counterparties without external credit ratings

	30 Septembe 2015 N'000	**31 December 2014 N'000**
<u>**Trade receivables**</u>		
Group 1	-	-
Group 2	-	-
Group 3	271,491	101,559
	271,491	**101,559**

The Company defines the ratings as follows:

Group 1 - These are balances with Blue Chip, Listed and other large entities with a low chance of default.
Group 2 - These are balances with small - medium sized entities with no history of defaults
Group 3 - These are balances with small - medium sized entities with a history of defaults or late payments.

Counterparties with external credit ratings

	2015 N'000	2014 N'000
Cash and cash equivalents	1,022,954	159,110

External ratings were based on ratings according to Fitch Rating and Agusto & Co.

The Directors have assessed that there are no increased risk to the Company's cash and short term deposits with banks that are rated less than an A as they have done proper due dilgence on these institutions and continuously monitor their performance. Also deposit with banks are insured by the Nigerian Deposit Insurance Corporation.

Details of the past due but not impaired assets are as follows:

Trade receivables	2015 N'000	2014 N'000
Past due by 1-30 days		7,668
Past due by 31-60 days	-	-
	-	**7,668**

Details of the impaired assets are as follows:

Trade receivables	2015 N'000	2014 N'000
Past due by 1-60 days	-	-
Past due by 61-180 days	-	-
Past due > 180 days	45,753	45,753
	45,936	**45,936**

Reconciliation of the provision for impairment:

Trade receivables	2015 N'000	2014 N'000
At 1 January	45,936	45,936
Provision for receivables impairment		(183)
Receivables written off during the year	(29,241)	-
At 30 September	**16,695**	**45,936**

(c) Liquidity risk

Cash flow forecasting is performed on quarterly basis and monitor by the Company to ensure it has sufficient cash to meet operational needs. The Company also ensures that at all times it does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

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

At 30 September 2015	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 5 years**	**Over 5 years**
Loans and borrowings		1,800,000		
Finance lease liabilities	-	-	-	-
Trade and other payables	1,587,138	103,629	-	-
	1,587,138	**1,903,629**	**-**	**-**

At 31 December 2014	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 5 years**	**Over 5 years**
Loans and borrowings	-	1,926,862	-	-
Finance lease liabilities	-	-	-	-
Trade and other payables	1,171,351	517,045	-	-
	1,171,351	**2,443,907**	**-**	**-**

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company currently wholy equity financed and has no interest bearing debt in its capital structure

	2015	**2014**
	N'000	**N'000**
Interest bearing debt	-	-
Total equity	1,000,000	1,000,000
Total capital	1,000,000	1,000,000
Gearing ratio	-	-

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.
The different levels have been defined as follows:
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (that is, as prices) or indirectly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs.

The following table presents the Company's assets and liabilities that are measured at fair value at 30 June 2015.

	Level 1	Level 2	Level 3
Assets			
Available-for-sale financial assets			
- Equity securities	9,776	-	-
Total assets	9,776	-	-

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1	Level 2	Level 3
Assets			
Available-for-sale financial assets			
- Equity securities	11,311	-	-
Total assets	11,311	-	-

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

Financial instruments by category

	30 SEPTEMBER 2015			
	Fair value through profit or loss	Available for sale	Loans and receivables	Other financial liabilities
Financial assets	N'000	N'000	N'000	N'000
Available for sale investments	-	9,776	-	-
Trade and other receivables	-	-	309,099	-
Financial instruments at fair value through profit	-	-	-	-
Cash and short-term deposits	-	-	1,022,954	-
	-	**9,776**	**1,332,053**	**-**
Financial liabilities				
Trade and other payables	-	-	-	1,690,767
Loans and borrowings	-	-	-	1,800,000
	-	**-**	**-**	**3,490,767**

	31 December 2014			
	Fair value through profit or loss	Available for sale	Loans and receivables	Other financial liabilities
Financial assets	N'000	N'000	N'000	N'000
Available for sale investments	-	11,311	-	-
Trade and other receivables	-	-	146,355	-
Financial instruments at fair value through profit	-	-	-	-
Cash and short-term deposits	-	-	159,110	-
	-	**11,311**	**305,465**	**-**
Financial liabilities				
Trade and other payables	-	-	-	1,688,396
Loans and borrowings	-	-	-	1,926,862
	-	**-**	**-**	**3,615,258**