



LIVESTOCK FEEDS PLC
UNAUDITED FINANCIAL STATEMENTS
31 MARCH 2017



LIVESTOCK FEEDS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017

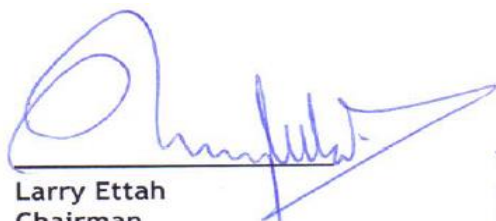
	Notes	2017 N'000	2016 N'000
Revenue	7	3,122,559	2,091,393
Cost of sales	8	(2,739,580)	(1,918,272)
Gross profit		382,979	173,121
Other operating income	9	27,581	44,790
Marketing and distribution expenses	10	(53,861)	(51,945)
Administrative expenses	11	(93,053)	(68,166)
Profit from operations		263,646	97,800
Finance expenses	12	(237,693)	(94,377)
Finance income		-	-
Net finance expense		(237,693)	(94,377)
Profit before taxation		25,954	3,423
Income tax expenses	13	(8,305)	(1,095)
Profit for the year after taxation		17,648	2,328
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		17,648	2,328
Earnings per share			
Basic EPS (kobo)	14	0.88	0.12
Diluted EPS (kobo)	14	0.88	0.12

The accompanying notes on pages 7 to 37 form an integral part of these financial statements.


LIVESTOCK FEEDS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

		March 2017 N'000	December 2016 N'000	March 2,016 N'000
Assets				
Property, plant and equipment	15(a)	1,088,942	1,070,291	848,271
Intangible assets	15(b)	2,705	3,572	5,672
Financial assets-available for sale	16	8,196	8,196	8,307
Total non-current assets		<u>1,099,843</u>	<u>1,082,059</u>	<u>862,250</u>
Inventories	17	6,673,637	6,084,983	3,752,148
Trade and other receivables	18	250,772	146,160	332,548
Cash and cash equivalents	19	274,940	44,331	153,984
Total current assets		<u>7,199,349</u>	<u>6,275,474</u>	<u>4,238,680</u>
Total assets		<u>8,299,191</u>	<u>7,357,533</u>	<u>5,100,930</u>
Equity and liabilities				
Equity				
Share capital	20	1,000,000	1,000,000	1,000,000
Share premium	21	455,108	455,207	470,684
Retained earnings		648,045	630,396	480,442
Total equity		<u>2,103,152</u>	<u>2,085,603</u>	<u>1,951,126</u>
Deferred tax	14(c)	147,082	147,082	119,753
Total non-current liabilities		<u>147,082</u>	<u>147,082</u>	<u>119,753</u>
Trade and other payables	22	2,996,392	2,785,966	1,158,504
Short-term borrowings	23	3,000,000	2,294,622	1,800,000
Dividends payable		101	101	101
Current tax payable	13(b)	52,464	44,159	71,447
Total current liabilities		<u>6,048,957</u>	<u>5,124,848</u>	<u>3,030,052</u>
Total equity and liabilities		<u>8,299,191</u>	<u>7,357,533</u>	<u>5,100,931</u>

The financial statements and notes on pages 3 to 37 were approved by the Board of Directors on 18 April 2017 and signed on its behalf by:



Larry Ettah
Chairman
FRC/2013/IODN/00000002692



Modupe Asanmo
Managing Director
FRC/2014/ICAN/00000006546



Gideon F. Ogudu
Finance Manager
FRC/2013/ICAN/00000002925

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LIVESTOCK FEEDS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017

	Share Capital N'000	Share Premium N'000	Retained earnings N'000	Total Equity N'000
Balance at 1 January 2016	<u>1,000,000</u>	<u>470,684</u>	<u>478,115</u>	<u>1,948,799</u>
Comprehensive Income for the year :				
Profit for the year	-	-	2,328	2,328
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>-</u>	<u>-</u>	<u>2,328</u>	<u>2,328</u>
Transactions with owners, recorded directly in equity:				
Issue costs	-	-	-	-
Dividend paid	-	-	-	-
Balance at 31 March 2016	<u>1,000,000</u>	<u>470,684</u>	<u>480,443</u>	<u>1,951,127</u>
Balance at 1 January 2017	<u>1,000,000</u>	<u>455,207</u>	<u>630,396</u>	<u>2,085,603</u>
Comprehensive Income for the year :				
Profit for the year	-	-	17,648	17,648
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>-</u>	<u>-</u>	<u>17,648</u>	<u>17,648</u>
Transactions with owners, recorded directly in equity:				
Issue costs	-	(99)	-	(99)
Balance at 31st March 2017	<u>1,000,000</u>	<u>455,108</u>	<u>648,045</u>	<u>2,103,152</u>

The accompanying notes on pages 7 to 37 form an integral part of these financial statements.

LIVESTOCK FEEDS PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

		2017	2016
	Notes	N'000	N'000
Cash flows from operating activities:			
Profit for the year		17,648	152,281
Adjustment for:			
Depreciation	15(a)	32,582	118,671
Amortisation of intangible asset	15(b)	868	3,514
Write-off in property, plant and equipment	15(a)	-	2,614
Diminution in financial assets - available for sale	16	-	111
Interest paid	12	237,693	456,280
Interest received		-	(7,158)
Tax expense		8,305	71,709
Profit on sale of property, plant & equipment		-	(390)
		<u>297,096</u>	<u>797,632</u>
(Increase)/decrease in inventories	17	(588,654)	(2,730,955)
Decrease/(increase) in trade and other receivables	18	(104,612)	144,504
Increase in trade and other payables	22	210,426	887,681
Tax paid	13(c)	-	(77,467)
Net cash (outflow)/inflow from operating activities		<u>(185,743)</u>	<u>(978,605)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	15(a)	(51,234)	(359,611)
Purchase of intangible assets	15(b)	-	(666)
Proceeds from disposal of property, plant and equipment		-	1,099
Interest received		-	7,158
Net cash (outflow)/inflow from investing activities		<u>(51,234)</u>	<u>(352,020)</u>
Cash flows from financing activities			
Interest on loans and overdraft	12	(237,693)	(456,280)
Share capital increase expenses	21	(99)	(15,477)
Dividend paid		-	-
Net cash inflow/(outflow) from financing activities		<u>(237,792)</u>	<u>(471,757)</u>
Net decrease in cash and cash equivalents		<u>(474,769)</u>	<u>(1,802,382)</u>
Cash and cash equivalents at beginning of the year		<u>(2,250,291)</u>	<u>(447,909)</u>
Cash and cash equivalents at end of the year	19	<u><u>(2,725,060)</u></u>	<u><u>(2,250,291)</u></u>

The accompanying notes on pages 7 to 37 form an integral part of these financial statements.

LIVESTOCK FEEDS PLC
FINANCIAL STATEMENTS, 31 MARCH 2017
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

a Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting and Assurance Standards Board (IAASB) and specifically in compliance with Interim Financial Reporting IAS 34.

The financial statements were authorised for issue by the Board of Directors on 18 April 2017.

b 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.

c Functional and presentation currency

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.

d Use of estimates and judgement

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.

3) Accounting Standards Issued Not yet Effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial period beginning 1 January 2016. They have not been adopted in preparing the financial statements for the year ended 31 December 2016 and are expected not to affect the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

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

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 15 Issued in May 2014	Revenue from contracts with customers	IFRS 15 contains comprehensive guidance for accounting for revenue and will replace existing requirements which are currently set out in a number of Standards and Interpretations. The standard introduces significantly more disclosures about revenue recognition and it is possible that new and/or modified internal processes will be needed in order to obtain the necessary information. The Standard requires revenue recognised by an entity to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework: (i) Identify the contract(s) with a customer (ii) Identify the performance obligations in the contract (iii) Determine the transaction price (iv) Allocate the transaction price to the performance obligations in the contract (v) Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018	The Board is currently reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted. Consideration will be given to the following: (i) At what point in time the company recognises revenue from each contract whether at a single point in time or over a period of time; (ii) whether the contract needs to be 'unbundled' into two or more components; (iii) how should contracts which include variable amounts of consideration be dealt with; (iv) what adjustments are required for the effects of the time value of money; (v) what changes will be required to the company's internal controls and processes.

4) Critical accounting estimates and judgements

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

i) Income and deferred taxation

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

ii) Impairment of property, plant and equipment

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

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

iii) Legal proceedings

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

5) Summary of significant accounting policies

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

a Going concern

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

b Foreign currency

Foreign currency transactions

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

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation of unsettled monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of cost in a foreign currency are translated using the exchange rate at the end of the period.

c Revenue recognition

Revenue represents total value of goods and services less discounts, 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 anticipated volume of sales and returns based on previous experience and other factors.

Other income

This comprises profit from sale of financial assets, plant and equipment, foreign exchange gains, fair value gains of non financial assets measured at fair value through profit or loss and impairment loss no longer required written back.

Income arising from disposal of items of financial assets, plant and equipment and scraps is recognised at the time when proceeds from the disposal has been received by the Company. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets. The Company recognises impairment no longer required as other income when the Company receives cash on an impaired receivable or when the value of an impaired investment increased and the investment is realisable.

d Expenditure

Expenditures are recognised as they accrue during the course of the year. Analysis of expenses recognised in the statement of comprehensive income is presented in a classification based on the function of the expenses as this provides information that is reliable and more relevant than their nature.

The Company classifies its expenses as follows:

- Cost of sales;
- Administrative expenses;
- Marketing and distribution expenses;
- Other allowances and amortizations

Finance income and finance costs

Finance income comprises interest income on short-term deposits with banks, dividend income, changes in the fair value of financial assets at fair value through profit or loss.

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

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 that asset's net carrying amount on initial recognition.

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.

e Income tax expenses

Income tax expense comprises current income tax, education tax and deferred tax.(See policy 'u' on income taxes)

f Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

g Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment and are depreciated accordingly. Subsequent costs and additions are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method on the following bases:

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life. The amortisation rates include:

	% 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 estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, with the changes in estimates accounted for prospectively.

h Intangible Assets

Computer software

Purchased computer software is capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over the useful life of the asset. Computer software purchased from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement cost and is added to the original cost of the software. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible 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.

The estimated useful lives for the current and comparative period are as follows:

Computer software	33 1/3
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Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss when the asset is derecognised.

i Impairment of non-financial assets

Non-financial assets other than inventories are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

j Financial Assets

The Company classifies its financial assets into the following categories: Financial assets at fair value through profit or loss (or held-for-trading), Held-to-maturity, Available-for-sale financial assets and loans and receivables. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

i) Financial assets at fair value through profit or loss (Held-for-trading)

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. Financial assets are designated at fair value through profit or loss or as Held-for-trading if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. The investments are carried at fair value, with gains and losses arising from changes in their value recognised in the income statement in the period in which they arise. Such investments are the Company's investments in quoted equities.

ii) Held-to-maturity financial assets

The Company classifies financial assets as Held-to-maturity financial assets when the Company has positive intent and ability to hold the financial assets (i.e. investments) to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using effective interest method less any impairment losses. Any sale or reclassification of more than insignificant amount of held-to-maturity investments, not close to their maturity, would result in the reclassification of all held-to-maturity financial assets as available-for-sale, and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years.

Interest on held-to-maturity financial assets are included in the income statement and are reported as 'net gain or loss' on investment securities.

iii) Available -for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are classified as available-for-sale or are not classified in any of the two preceding categories and not as loans and receivables which may be sold by the Company in response to its need for liquidity or changes in interest rates, exchange rates or equity prices. They include investment in unquoted shares. These investments are initially recognised at cost. After initial recognition or measurement, available-for-sale financial assets are subsequently measured at fair value using 'net assets valuation basis'. Fair value gains and losses are reported as a separate components in other comprehensive income until the investment is derecognised or the investment is determined to be impaired.

On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to the statement of profit or loss and other comprehensive income.

iv) 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.

k Impairment of financial assets

The Company assesses at each statement of financial position date 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 charges are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the 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.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

Significant financial difficulty of the issuer or obligor;

A breach of contract, such as a default or delinquency in interest or principal payments; The Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider; Its becoming probable that the borrower will enter bankruptcy or any other financial reorganisation; The disappearance of an active market for that financial asset because of financial difficulties; or Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the Company;
- national or local economic conditions that correlate with defaults on the assets in the Company;
- delinquency in contractual payments of principal or interest;
- cash flow difficulties;
- breach of loan covenants or conditions;
- deterioration in the value of collateral; and,
- initiation of bankruptcy proceedings.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The amount of the impairment loss on assets carried at amortised cost is recognised immediately through the income statement and a corresponding reduction in the value of the financial asset is recognised through the use of an allowance account. A write off is made when all or part of a claim is deemed uncollectable or forgiven after all the possible collection procedures have been completed and the amount of loss has been determined. Write offs are charged against previously established provisions for impairment or directly to the income statement.

Any additional recoveries from borrowers, counterparties or other third parties made in future periods are offset against the write off charge in the income statement once they are received. Provisions are released at the point when it is deemed that following a subsequent event the risk of loss has reduced to the extent that a provision is no longer required, 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.

l 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.

m Inventories

Inventories are stated at the lower of cost and net realisable value, with appropriate provisions for old and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is determined as follows:-

Raw materials

Raw materials which includes purchase cost and other costs incurred to bring the materials to their location and condition are valued using weighted average cost.

Finished goods

Cost of direct materials and labour plus a reasonable proportion of overheads absorbed by manufacturing based on normal levels of activity.

Spare parts and consumables

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

n Trade and other receivables

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

Trade 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.

o Cash and cash equivalents

For the purposes of statement of cash flows, cash comprises cash in hand and deposits held at call with banks and other financial institutions. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

p Borrowings

Borrowings are recognized initially at their issue proceeds and subsequently stated at cost less any repayments. Transaction costs where immaterial, are recognized immediately in the statement of comprehensive income. Where transaction costs are material, they are capitalized and amortised over the life of the loan. Interest paid on borrowing is recognized in the statement of comprehensive income for the period.

q 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.

r Financial liabilities

Financial liabilities are initially recognised at fair value when the Company become 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.

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.

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 or payable is recognised in income statement.

s 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 at 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. The Company's provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

t Employee benefits

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

(i) Defined contribution pension scheme

In line with the provisions of the Nigerian Pension Reform Act, 2004, Livestock Feeds Plc has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Company at the rate of 8% by employees and 10% by the Company of basic salary, transport and housing allowances invested outside the Group through Pension Fund Administrators (PFAs) of the employees choice.

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

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

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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.

u Income Taxes - Company income tax and deferred tax liabilities

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

The tax currently payable is based on taxable results for the year. Taxable results differs from results as reported in the income statement because it includes not only 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's liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

v Share capital and Share premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

w Dividend on ordinary shares

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 shareholders. 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 date.

x General reserve

General reserve represents amount set aside out of profits of the Company which shall at the discretion of the directors be applied to meeting contingencies, repairs or maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.

y Contingent liability

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Where the Company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability. The entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

z Related party transactions or insider dealings

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, 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 within the Company, the transactions are disclosed separately as to the type of relationship that exists within the Company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

aa Off Statement of financial position events

Transactions that are not currently recognized as assets or liability in the statement of financial position but which nonetheless give rise to credit risks, contingencies and commitments are reported off statement of financial position. Such transactions include letters of credit, bonds and guarantees, indemnities, acceptances and trade related contingencies such as documentary credits. Outstanding unexpired commitments at the year-end in respect of these transactions are shown by way of note to the financial statements.

ab Effective Interest Method

The effective interest method is a method of calculating the amortised cost of an interest bearing financial instrument and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cashflows (including all fees and points paid or received that form an integral part of the effective interest rate, translation costs and other premiums or discounts) through the expected life of the debt instruments, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

ac Segment reporting

An operating segment is a component of the Company that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Finance Director (being the Chief Operating Decision Maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

6 Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value for the both financial and non-financial assets and liabilities. Fair values have been determined for measurement and /or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that assets or liabilities.

i Property, plant and equipment

The fair value of items of plant and machinery, fixtures and fittings, motor vehicles and Land and buildings is based on depreciated replacement cost and comparison approaches. "Depreciated replacement cost" reflects the current cost of reconstructing the existing structure together with the improvements in today's market adequately depreciated to reflect its physical wear and tear, age, functional and economic obsolescence plus the site value in its existing use as at the date of inspection while "Comparison Approach" that is the analysis of recent sale transactions or similar properties in the neighbourhood. The figure thus arrived at represents the best price that the subsisting interest in the property will reasonably be expected to be sold if made available for sale by private treaty between a willing seller and buyer under competitive market conditions.

ii Valuation of Available for sale financial assets

The fair value of investments in equity are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed is the net asset per share basis.

iii Fair value hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instrument Disclosure'.

Level 1 : quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.

Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities values using models where all significant inputs are observable.

Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active , a valuation technique is used.

b Financial risk management

i General

Pursuant to a financial policy maintained by the Board of Directors, the Company uses several financial instruments in the ordinary course of business. The Company's financial instruments are cash and cash equivalents, trade and other receivables, interest-bearing loans and bank overdraft and trade and other payables.

The Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk, consisting of: currency risk, interest rate risk and price risk

Credit risk

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

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

The Management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. customers that are grouped as "high risk" are placed on a restricted customer list, and future credit services are made only with approval of the Management, otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Company for business transactions.

The maximum credit risk as per statement of financial position, without taking into account the aforementioned financial risk coverage instruments and policy, consists of the book values of the financial assets as stated below:

	2017	2016
	N'000	N'000
Trade receivables (Note 19)	164,476	84,857
Cash and cash equivalents	274,940	44,331
	<u>439,416</u>	<u>129,188</u>

As at the reporting date there was no concentration of credit risk with certain customers.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Company for business transactions.

Cash is held with the following institutions	2017	2016
	N'000	N'000
Access Bank Plc	9,219	1,207
Guaranty Trust Bank Plc	27,068	12,999
Skye Bank Plc	140	140
Stanbic IBTC Plc	28,231	2,422
First City Monument Bank Limited	23,364	11,206
Sterling Bank Limited	4	10
First Bank Limited	31,159	15,876
Zenith Bank Plc	135,268	-
Union Bank Plc	20,293	-
	<u>274,747</u>	<u>43,860</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity projections including available credit facilities are incorporated in the regular management information reviewed by the Board of Management. The focus of the liquidity review is on the net financing capacity, being free cash plus available credit facilities in relation to the financial liabilities. The following are the contractual maturities of financial liabilities:

As at 31 March 2017

	Book value	Contractual cashflow	One year or less	1-5 years
Borrowings	3,000,000	-	3,000,000	-
Trade and other payables	2,996,392	-	2,996,392	-
	<u>5,996,392</u>	<u>-</u>	<u>5,996,392</u>	<u>-</u>

As at 31 December 2016

	Book value	Contractual cashflow	One year or less	1-5 years
Borrowings	2,294,622	-	2,294,622	-
Trade and other payables	2,785,966	-	2,785,966	-
	<u>5,080,588</u>	<u>-</u>	<u>5,080,588</u>	<u>-</u>

Market risk

Market risk concerns the risk that Company income or the value of investments in financial instruments is adversely affected by changes in market prices, such as exchange rates and interest rates. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

Foreign exchange risk

The functional currency of the Company is the Nigerian naira.

Interest rate risk

The Company has fixed interest rate liabilities. In respect of controlling interest risks, the policy is that, in principle, interest rates for loans payable are primarily fixed for the entire maturity period. This is achieved by contracting loans that carry a fixed interest rate. The effective interest rates and the maturity term profiles of interest-bearing loans, deposits and cash and cash equivalents are stated below:

As at 31 March 2017

	Effective interest rate	one year or less	1-5 years	Total
Cash and cash equivalents	259	-	-	259
Borrowings	(3,000,000)	-	-	(3,000,000)
	<u>(2,999,741)</u>	<u>-</u>	<u>-</u>	<u>(2,999,741)</u>

Fair Value

Financial instruments accounted for under assets and liabilities are cash and cash equivalents, receivables, and current and non-current liabilities. The fair value of most of the financial instruments does not differ materially from the book value.

Revenue

7) 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:

	2017 N'000	2016 N'000
Aba	802,690	382,297
Ikeja	1,111,061	776,099
Benin	385,058	325,570
Northern operations	823,750	607,427
	3,122,559	2,091,393

Segment reporting

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 Management Team for the purposes of allocating resources and assessing performance. The Executive Management Team reviews internal management reports on at least a monthly basis.

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

- Aba
- Ikeja
- Benin
- Northern operations

Segmental Revenue and operating profit - 31 March 2017

	Aba N'000	Ikeja N'000	Benin N'000	Northern operations N'000	Total N'000
From external customers	802,690	1,111,061	385,058	823,750	3,122,559
Segment revenue	802,690	1,111,061	385,058	823,750	3,122,559
Cost of sales	(706,143)	(964,272)	(337,186)	(731,978)	(2,739,580)
Gross profit	96,547	146,789	47,872	91,771	382,979
Distribution expenses	(2,323)	(35,415)	(3,409)	(3,867)	(45,014)
Trading profit	94,224	111,374	44,463	87,904	337,965
Other income	5,146	8,029	3,864	6,412	23,451
Operating Profit	99,370	119,402	48,327	94,316	361,416
Finance expenses	(66,272)	(72,856)	(34,163)	(64,402)	(237,693)
Contribution to margin	33,097	46,546	14,164	29,915	123,723

Head Office

Dividend income	-
Interest income	-
Laboratory income	256
Insurance refund	3,343

Gain on disposal of asset	90
Miscellaneous income	440
Sale of scraps	-
Administrative cost	(93,053)
Marketing Cost	(8,847)
ITF refund	-
Profit before tax	25,954

Segment assets and liabilities - 31 March 2017

Non-current assets	Head office N'000	Aba N'000	Ikeja N'000	Benin N'000	Northern operation N'000	Total N'000
Property, plant and equipment	448,373	121,282	422,663	78,957	17,667	1,088,942
Intangible assets	2,705	-	-	-	-	2,705
Current assets	N'000	N'000	N'000	N'000	N'000	N'000
Inventories	2,135,710	1,624,137	1,194,461	486,515	1,232,814	6,673,637
Trade and other receivables	121,415	35,226	71,717	22,414	-	250,772
Cash and cash equivalents	252,898	15,844	3,727	1,163	1,309	274,940
	2,510,023	1,675,207	1,269,905	510,092	1,234,123	7,199,349

The Inventories figure under the head office represents materials stock piled at the external warehouses in funtua 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	2,951,251	18,011	15,423	3,585	8,122	2,996,392
Short-term borrowings	3,000,000	-	-	-	-	3,000,000
Dividend payable	101	-	-	-	-	101
	5,951,352	18,011	15,423	3,585	8,122	5,996,493

<u>Segmental Reporting - 31st March 2016</u>	Aba N'000	Ikeja N'000	Benin N'000	Northern operation N'000	Total N'000
From external customers	382,297	776,099	325,570	607,427	2,091,393
Segment revenue	382,297	776,099	325,570	607,427	2,091,393
Cost of sales	(360,902)	(694,973)	(311,393)	(551,004)	(1,918,272)
Gross profit	21,395	81,126	14,177	56,423	173,121
Distribution expenses	(2,201)	(27,570)	(7,502)	(2,787)	(40,060)
Trading Profit	19,194	53,556	6,675	53,636	133,061
Other income	9,082	8,002	8,047	3,731	28,862
Operating Profit	28,276	61,558	14,722	57,367	161,923
Finance expenses	(27,390)	(27,320)	(19,349)	(20,317)	(94,377)
Contribution to margin	886	34,238	(4,627)	37,049	67,547

Head Office	N'000
Dividend income	-
Interest income	-
Laboratory income	300
Insurance refund	13,923
Gain on disposal of asset	-
Miscellaneous income	1,705
Sale of scraps	-
Administrative cost	(68,166)
Marketing Cost	(11,885)
Profit before tax	3,423

Segment assets and liabilities-31 December 2016

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 equipment	154,114	211,405	531,709	151,965	21,098	1,070,291
Intangible assets	3,572	-	-	-	-	3,572
Current assets	N'000	N'000	N'000	N'000	N'000	N'000
Inventories	1,641,187	1,769,061	877,907	441,126	1,355,702	6,084,983
Trade and other receivables	65,754	41,662	25,475	12,058	1,211	146,160
Cash and cash equivalents	28,587	12,729	1,209	313	1,493	44,331
	<u>1,735,528</u>	<u>1,823,452</u>	<u>904,591</u>	<u>453,497</u>	<u>1,358,406</u>	<u>6,275,474</u>
Current liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Trade and other payables	2,255,885	150,865	46,078	163,985	169,153	2,785,966
Short-term borrowings	2,294,622	-	-	-	-	2,294,622
Dividend payable	101	-	-	-	-	101
Current tax payable	-	-	-	-	-	-
	<u>4,550,608</u>	<u>150,865</u>	<u>46,078</u>	<u>163,985</u>	<u>169,153</u>	<u>5,080,689</u>

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 inventory acquired for each mills.

8 Cost of sales	N'000	N'000
Raw material consumed	2,587,266	1,797,631
Staff salaries and wages	61,199	51,157
Business travelling & entertainment expenses	4,824	6,963
Uniforms	616	-
Electricity and power	17,398	6,463
Rents-3rd party	15,403	10,028
Clean and sanitation	1,486	588
Security expenses	5,625	4,573
Office stationery& printing	651	442
Telephone expenses	274	372
Postal services	46	39
Depreciation	29,242	27,093
Local repair & renewal	8,101	8,719
Laboratory expenses	1,767	459
Miscellaneous/sundry	-	1,073
Corporate public relations	100	-
Vehicle repairs expenses	515	529
Sundry vehicle expenses	588	745
Internet/e-mail Charges	930	-
Computer charges	2,486	-
Other expenses	1,063	1,398
	<u>2,739,579</u>	<u>1,918,272</u>

9 Other operating income	2017	2016
The analysis of other operating income is as follows:	N'000	N'000
Sale of sacks	2,494	2,032
Laboratory income	256	313
Weighing income	1,292	781
Insurance claims received	3,343	13,923
Sales of scrap	914	-
Gain on disposal of property, plant and equipment	87	-
Registration fees & other Miscellaneous	440	1,715
Truck Income	378	481
Government grant	18,375	25,545
	<u>27,581</u>	<u>44,790</u>

i) 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 20% commercial rate during the period

10 Marketing and distribution	N000	N000
Salaries & other benefits	12,032	10,331
Business travelling expenses	2,062	2,947
Distribution expenses	33,939	30,245
Corporate gifts/marketing investment	4,660	6,806
Depreciation	550	584
Other expenses	618	1,032
TOTAL	<u>53,861</u>	<u>51,945</u>

11 Administrative expenses	N'000	N'000
Salaries & other benefits	26,189	20,041
Commercial service fee	32,787	21,934
Audit charges	3,719	3,761
Consultancy (Note 11(a))	1,045	1,590
Subscription	2,190	2,238
Corporate public relations	3,468	1,250
Agm expenses	2,806	2,238
Internet/e-mail charges	32	104
Insurance premium	3,111	2,014
Depreciation	3,659	2,887
Business travelling & entertainment	1,984	575
Electricity & power	379	734
Telephone expenses	298	475
Bank charges-Account Maintenance	3,833	3,692
Other expenses	7,553	4,633
TOTAL	<u>93,053</u>	<u>68,166</u>

12 <u>Finance expenses</u>	2017	2016
The analysis of finance expenses is as follows:	N'000	N'000
Overdraft charges		2,757
Interest on loans	219,318	66,074
Government grants	18,375	25,545
	237,693	94,377
13 <u>Taxation</u>	2017	2016
Current Income tax	N'000	N'000
a) Profit and loss account		
Company income tax	7,786	1,027
Tertiary education tax	519	68
	8,305	1,095
Deferred tax		-
Additional taxes		-
	8,305	1,095

	2017 N'000	2016 N'000
i) Current tax payable		
Balance, beginning of the year	44,159	77,246
	44,159	77,246
Payments during the year		
- Company income tax	-	(70,412)
- Education tax	-	(7,055)
Withholding tax credit	-	-
Provision for the year		
Income tax	7,786	37,187
Additional income tax	-	221
Additional education tax	-	-
Education tax	519	6,972
	52,464	44,159
Balance, end of the year	52,464	44,159

c Deferred taxation

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

	Property, plant and equipment N'000	Impairment of Trade receivables N'000	Unrealised exchange gain N'000	Total N'000
As at 1 January 2017	147,082	-	-	147,082
Charge to income statement	0	-	-	-
At 31 March 2017	147,082	-	-	147,082

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

14 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:

	'000	'000
Profit for the year after taxation	N17,648	N2,328
Weighted number of ordinary shares for the purposes of basic earnings per share	2,000,000	2,000,000
Basic earnings per share	0.88	0.12
Weighted number of ordinary shares for the purposes of diluted Earning per share	2,000,000	2,000,000
Diluted earnings per share	0.88	0.12

LIVESTOCK FEEDS PLC
 FINANCIAL STATEMENTS, 31 MARCH 2017
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15(a) Property, Plant and Equipment

<u>Cost/Valuation</u>	Land & Building =N='000	Machinery & equipment =N='000	Motor Vehicles =N='000	Furniture, fittings & equipment =N='000	Computer equipment =N='000	Construction in Progress =N='000	Total =N='000
Balance as at 1 January 2017	358,481	640,645	148,466	27,694	25,887	383,752	1,584,925
Additions	-	-	18,480	1,973	328	30,453	51,234
Disposals	-	-	(1,666)	-	-	-	(1,666)
Transfers in/(out)	13,363	-	-	-	-	(13,363)	-
Write offs	-	-	-	-	-	-	-
Balance as at 31 March 2017	371,844	640,645	165,280	29,667	26,215	400,843	1,634,492
Accumulated depreciation	Land & Building =N='000	Machinery & equipment =N='000	Motor Vehicle =N='000	Furniture & Fittings =N='000	Computer equipment =N='000	Construction in Progress =N='000	Total =N='000
Balance as at 1 January 2017	164,297	231,062	92,874	9,690	16,711	-	514,634
Charge for the year	4,255	19,068	7,353	687	1,219	-	32,582
On disposals	-	-	(1,666)	-	-	-	(1,666)
Write offs	-	-	-	-	-	-	-
Balance as at 31 March 2017	168,552	250,131	98,562	10,377	17,929	-	545,550
Carrying amount at:							
31 March 2017	203,292	390,514	66,718	19,290	8,286	400,843	1,088,942
31 December 2016	194,185	409,582	55,590	18,005	9,174	383,755	1,070,291

Property, Plant and Equipment

<u>Cost/Valuation</u>	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 2016	341,259	465,660	141,314	22,265	20,875	263,103	1,254,476
Additions	17,222	910	21,018	5,837	5,884	308,740	359,611
Disposals	-	-	(13,868)	-	-	-	(13,868)
Transfers in	-	188,088	-	-	-	(188,088)	-
	-	(14,013)	-	(1,062)	(875)	-	(15,950)
Balance as at 31st December 2016	<u>358,481</u>	<u>640,645</u>	<u>148,464</u>	<u>27,040</u>	<u>25,884</u>	<u>383,755</u>	<u>1,584,269</u>
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 2016	147,596	175,662	78,310	7,504	12,928	-	422,000
Charge for the year	16,700	67,005	27,724	2,585	4,657	-	118,671
On disposals	-	-	(13,160)	-	-	-	(13,160)
Transfers in	-	(11,604)	-	(1,054)	(875)	-	(13,533)
Balance as at 31 December 2016	<u>164,296</u>	<u>231,063</u>	<u>92,874</u>	<u>9,035</u>	<u>16,710</u>	<u>-</u>	<u>513,978</u>
Carrying amounts at:							
31 December 2016	<u>194,185</u>	<u>409,582</u>	<u>55,590</u>	<u>18,005</u>	<u>9,174</u>	<u>383,755</u>	<u>1,070,291</u>

i) There is a deed of debenture dated 14th September 2009 over the Company's fixed and floating assets valued at N1.8billion(Open Market Value) and N1.3Billion (Forced Sales Value) valued by Jide Taiwo & Co as at March 2009 with StanbicIBTC Bank interest of N1.1 billion.

ii) None of the assets is held under finance lease

15(b) Intangible assets

<u>Cost</u>	N'000
At 1 January 2017	13,069
Additions	-
At 31 March 2017	<u>13,069</u>
At 1 January 2016	12,501
Additions	666
At 31 December 2016	<u>13,167</u>
<u>Accumulated amortisation</u>	
At 1 January 2017	9,497
Amortisation charge	868
Write off	-
At 31 March 2017	<u>10,364</u>
At 1 January 2016	5,982
Amortisation charge	3,514
Write Off	99
At 31 December 2016	<u>9,595</u>
<u>Carrying amount as at:</u>	
31 March 2017	<u><u>2,705</u></u>
31 December 2016	<u><u>3,572</u></u>

- iii) The intangible asset is an Open Enterprise Resource Planning accounting software acquired by the Company.

16 **Available for sale financial assets**

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

	2017		2016	
	Cost N'000	Market N'000	Cost N'000	Market N'000
Balance at the beginning of the year	19,999	8,196	19,999	8,307
Diminution on available for sale financial assets	-	-	-	(111)
Balance at the end of the year	<u>19,999</u>	<u>8,196</u>	<u>19,999</u>	<u>8,196</u>

16(a) Available for sale financial assets represent investment in quoted shares in the following Companies: First Bank of Nigeria Ltd, United Bank for Africa Plc, Zenith Bank Plc, AFRIPRUD and UBA Capital Plc. The fair value of the shares as at 31 December 2016 as obtained from Nigerian Stock Exchange is as analysed below:

	Number of Units	Price per unit =N=	2017
			Value =N=
First Bank of Nigeria Ltd	339,634	3.46	1,175,134
United Bank for Africa Plc	53,550	4.57	244,724
Zenith Bank Plc	453,495	14.89	6,752,541
AFRIPRUD	1,622	3.05	4,947
UBA Capital Plc	6,490	2.86	18,561
			<u>8,195,906</u>

17 Inventories	March	December	March
	N'000	N'000	N'000
Raw materials	5,735,666	5,052,326	2,526,028
Finished goods	353,480	92,174	99,202
Engineering spares	29,698	27,355	35,165
Diesel	4,595	1,853	833
Stock with third party for conversion	547,326	909,469	1,090,512
Other consumables	2,872	1,806	408
	<u>6,673,637</u>	<u>6,084,983</u>	<u>3,752,148</u>

The inventory with third party for conversion represents the value of the Company's inventory item of Raw Soya Seeds with Northern Rice Oil Mill Ltd and Golden Oil Ltd for the conversion of the rawseeds to Soya Bean Cake and Soya Bean Meal respectively

18 **Trade and other receivables**

	March	December	March
	N'000	N'000	N'000
Gross trade receivables	164,476	84,857	218,228
Less: impairment (Note 19(d))	(29,031)	(29,031)	(28,264)
Total financial assets other than cash and cash equivalents	<u>135,445</u>	<u>55,826</u>	<u>189,964</u>
Deposit for materials	22,556	39,506	65,998
Other debtors	15,683	11,386	8,059
Prepayments	77,088	39,442	62,890
Amount due from related Companies Note (19(a))	-	-	5,638
	<u>250,772</u>	<u>146,160</u>	<u>332,549</u>

(b) The age analysis of trade receivables is as analysed below:	2017 N'000	2016 N'000	2016 N'000
0 - 90 days	111,943	35,516	169,502
91 - 180 days	12,497	5,260	6,941
181 - 360 days	1,293	2,601	17,359
Over 360 days	38,743	41,480	24,426
	<u>164,476</u>	<u>84,857</u>	<u>218,228</u>

c) Trade receivables that are past due but not impaired are as follows:	2016 N'000	2015 N'000	2016 N'000
Ikeja	5,326	13,021	10,752
Aba	2,012	2,230	2,206
Benin	3,667	5,827	4,587
Kaduna	-	-	358
	<u>11,005</u>	<u>21,078</u>	<u>17,903</u>

The Management is of the opinion that the receivables are recoverable

d) Trade receivables that are past due and impaired are as follows:	2017 N'000	2016 N'000	2016 N'000
Ikeja	8,653	8,653	7,717
Aba	15,053	15,053	14,975
Benin	5,325	5,325	5,572
	<u>29,031</u>	<u>29,031</u>	<u>28,264</u>

19 **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.

	March N'000	December N'000	March N'000
Cash on hand	259	505	134
Bank balances	274,681	43,826	153,850
Bank borrowings	(3,000,000)	(2,294,622)	(1,800,000)
	<u>(2,725,060)</u>	<u>(2,250,291)</u>	<u>(1,646,016)</u>

20 **Share capital**
Authorised
Value

	N'000	N'000	N'000
4,000,000,000 ordinary shares of 50kobo each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

<u>Number</u>	000	000	000
4,000,000,000 ordinary shares of 50kobo each	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

Issued and fully paid Share capital
Value

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

<u>Number</u>	2017	2016
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 year	<u>2,000,000</u>	<u>2,000,000</u>

At the Annual General Meeting held at Golden Tulip Festac Amuwo-Odofin, Lagos State on 17 June, 2015, it was resolved that the authorised share capital of the Company be increased from N1 billion to N2 billion. The increase was effected in 2015 and the sum of N23 million incurred was charged to the share premium account. In addition, at the same Annual General Meeting, an approval was given to the Company to give rights issue to the shareholders. The Company commenced the filing of application for the rights issue in 2016 and incurred a sum of N15 million in the process. The amount incurred has been charged to share premium account

21 **Share premium**

The movement in share premium during the year is as follows:

	March	December	March
	N'000	N'000	N'000
Balance at beginning of the year	455,207	470,684	470,684
Issuing cost	(99)	(15,477)	-
Balance at the end of the year	<u>455,108</u>	<u>455,207</u>	<u>470,684</u>
22 <u>Trade and other payables</u>	N'000	N'000	N'000
Trade creditors	65,755	479,616	34,961
Accruals (Note 22(a))	75,750	54,932	52,572
Other creditors (Notes 22(c))	191,571	118,535	59,363
Amount due to related Companies (Note 22(d))	<u>2,663,316</u>	<u>2,132,883</u>	<u>1,011,608</u>
	<u>2,996,392</u>	<u>2,785,966</u>	<u>1,158,504</u>
a) Accruals	N'000	N'000	N'000
Ex-staff balances	3,007	3,007	3,007
Accrued staff benefits	21,737	13,669	13,460
Professional fees	3,534	2,363	5,121
Industrial training fund	978	3,168	190
Other accrued expenses (Note 23(b))	<u>46,493</u>	<u>32,725</u>	<u>22,874</u>
	<u>75,750</u>	<u>54,932</u>	<u>44,652</u>
b) Other accrued expenses	N'000	N'000	N'000
Promotional expenses	3,760	1,301	8,852
Accrued legal expenses-Ceres Nig Ltd and Bemil Nig Ltd	5,801	5,801	5,801
Others	<u>36,932</u>	<u>25,623</u>	<u>8,221</u>
	<u>46,493</u>	<u>32,725</u>	<u>22,874</u>
c) Other payables	N'000	N'000	N'000
Withholding tax	18,048	14,093	6,840
Pay as you earn (PAYE)	341	280	104
Trade incentives	13,520	16,393	8,828
VAT	118	91	85
Deposit for feeds delivery	80,383	87,678	43,507
Provision for interest	<u>79,162</u>	<u>-</u>	<u>7,920</u>
	<u>191,571</u>	<u>118,535</u>	<u>67,284</u>
d) Amount due to related Companies	N'000	N'000	N'000
MDS logistics	253,291	100,343	-
Amount due to UACN Plc	1,702,070	1,389,432	942,941.00
Amount due to UAC Foods Ltd	101,316	100,994	-
Amount due to CAP Plc	506,582	505,908	-
Amount due to Grand Cereals Ltd	<u>100,056</u>	<u>36,206</u>	<u>68,667</u>
	<u>2,663,316</u>	<u>2,132,883</u>	<u>1,011,608</u>

23 **Bank loans and borrowings**

<u>Current</u>	N'000	N'000	N'000
Bank Overdraft	-	494,622	-
Secured bank loans (Note 24(a))	3,000,000	1,800,000	1,800,000
	<u>3,000,000</u>	<u>2,294,622</u>	<u>1,800,000</u>

- a) The Company obtained a loan of N1.8 billion at an interest of 7% for 1 year under the Commercial Agriculture Credit Scheme from Central Bank of Nigeria in January 2016 through IBTC Bank and was fully repaid on the 31st January 2017 by refinancing arrangement with the bank at the rate of 21.5% p.a for 90days pending the renewal of CACS by Central bank of Nigeria
- b) The renewal of N500million term loan and N500million overdraft facilities were approved by Zenith bank Plc for the Company to finance working capital requirements with respect to production of animal feeds and to finance bulk purchase and stock piling of grains during the harvest season at the rate of 23% p.a and both facilities were utilised in the 1st quarter of the year
- c) The First Bank of Nigeria Plc also approved a short term facility of N1billion at the rate of 19.25% for 90days for the procurement of grains but only the sum of N700million was utilised by the company as at 31st March 2017

	N'000	N'000	N'000
Expiry within 1 year	<u>3,000,000</u>		<u>3,000,000</u>
Expiry within 1 and 2 years	<u>-</u>	<u>-</u>	<u>-</u>
Expiry in more than 2 years	<u>-</u>	<u>-</u>	<u>-</u>
31 December, 2016			
	Floating rate	Fixed rate	Total
	N'000	N'000	N'000
Expiry within 1 year	<u>2,294,622</u>	<u>-</u>	<u>2,294,622</u>
Expiry within 1 and 2 years	<u>-</u>	<u>-</u>	<u>-</u>
Expiry in more than 2 years	<u>-</u>	<u>-</u>	<u>-</u>

24 **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 N1.607billion and N100 million term loan was received from the Parent Company UACN Plc and UAC Foods Limited at the rate of 15.5% P.a to boost the working capital of the Company and specifically for the stockpiling of materials during the harvesting season in the last quarter of the year 2016. The sum of N1,702,069,770 and N101,316,438 is payable to UACN and UAC Foods Limited as at 31st March 2017 respectively.

- (ii) The Company also got a term loan of N500 million from CAP plc which is also a member of the UACN group for the same purpose of material stockpiling at the rate of 15.5% p.a for 90days with option of roll over. The sum of N506,582,191 is payable to CAP Plc as at 31st March 2017.
- (iii) The Company had a product manufacture and sales agreement with Grand Cereal Ltd which is also another subsidiary of UACN Plc for its Northern operation and the amount payable as at 31st March 2017 is N100,056,161.05.
- (iv) The Company also got a term loan of N250 million from MDS Logistics which is also a member of the UACN group for the same purpose of material stockpiling at the rate of 15.5% p.a for 90days with option of roll over. The total sum payable as at 31st March 2017 is N253,291,096.

25 **Capital commitments and contingent liabilities**

	2017	2016
	N'000	N'000
Capital expenditure authorised	325,225	329,170
Capital expenditure authorised & contracted	-	185,658

26 **Comparative figures**

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with International Accounting Standard (IAS)1

27 **Subsequent events**

In the opinion of the Directors, there were no other significant subsequent events that could have material effect on the state of affairs of the Company as at 31 March 2017 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed in these financial statements.