

**NASCON INDUSTRIES PLC**

**FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

# NASCON INDUSTRIES PLC

## FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

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# NASCON INDUSTRIES PLC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2014

	Note	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
<b>Continuing Operations</b>				
Revenue	5	5,379,549	5,336,491	10,837,261
Cost of sales	6	<u>(3,356,966)</u>	<u>(3,025,501)</u>	<u>(6,244,155)</u>
Gross profit		2,022,583	2,310,990	4,593,106
Investment income	8	29,915	201,259	230,136
Other income	9	50,242	115,208	228,341
Distribution expenses		(69,374)	(92,556)	(71,432)
Administrative expenses	7	(461,363)	(486,506)	(933,429)
Interest expense	10	<u>(8,793)</u>	<u>(4,269)</u>	<u>(8,317)</u>
Profit before tax		1,563,210	2,044,126	4,038,405
Income tax expense	11	<u>(500,227)</u>	<u>(654,120)</u>	<u>(1,338,863)</u>
Profit for the year from continuing operation		<b><u>1,062,983</u></b>	<b><u>1,390,006</u></b>	<b><u>2,699,542</u></b>
<b>Discontinued Operation</b>				
Loss from discontinued operation				-
Other comprehensive income				
Actuarial gains (net of tax)	11	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<b><u>1,062,983</u></b>	<b><u>1,390,006</u></b>	<b><u>2,699,542</u></b>
<b>Earnings per share</b>				
Basic & Diluted (kobo)		80	105	102

**NASCON INDUSTRIES PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE HALF YEAR ENDED 30 JUNE 2014**

	Note	30/6/2014 N'000	30/6/2013 N'000	31/12/13 N'000
<b>Assets</b>				
<i>Non-current assets</i>				
Property, plant and equipment	14	6,673,585	5,189,233	5,749,056
Other assets	15	-	-	-
Deferred tax assets				-
Total non-current assets		<b>6,673,585</b>	<b>5,189,233</b>	<b>5,749,056</b>
<i>Current assets</i>				
Inventories	16	1,037,404	889,952	1,233,812
Trade and other receivables	17	2,881,388	2,668,572	2,920,189
Other assets	15	399,827	161,381	335,231
Cash and bank balances	18	780,131	1,437,944	1,192,879
Total current assets		<b>5,098,750</b>	<b>5,157,849</b>	<b>5,682,111</b>
<b>Total assets</b>		<b>11,772,335</b>	<b>10,347,082</b>	<b>11,431,167</b>
<b>Equity and liabilities</b>				
<i>Capital and reserves</i>				
Share capital	19	1,324,719	1,324,719	1,324,719
Share premium	20	434,037	434,037	434,037
Retained earnings	21	3,812,358	3,843,029	5,133,870
Total equity		<b>5,571,115</b>	<b>5,601,785</b>	<b>6,892,626</b>
<i>Non-current liabilities</i>				
Borrowings	22	38,570	38,570	38,570
Retirement benefit obligation	24.4	331,169	396,793	340,373
Deferred tax liabilities	11	352,882	180,002	352,882
Total non-current liabilities		<b>722,621</b>	<b>615,365</b>	<b>731,825</b>
<i>Current liabilities</i>				
Bank overdraft	18	5,238	5,236	5,236
Trade and other payables	23	3,809,808	2,320,830	2,638,152
Current tax liabilities	11	1,663,555	1,803,867	1,163,328
Total current liabilities		<b>5,478,601</b>	<b>4,129,933</b>	<b>3,806,716</b>
<b>Total liabilities</b>		<b>6,201,222</b>	<b>4,745,298</b>	<b>4,538,541</b>
Total equity and liabilities		<b>11,772,335</b>	<b>10,347,082</b>	<b>11,431,167</b>

The financial statements were approved by the board of directors and authorised for issue on -----

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 ..... } Directors

# NASCON INDUSTRIES PLC

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2014

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Retained earnings N'000	Total equity N'000
<b>Balance at 1 January 2013</b>	<u>1,324,719</u>	<u>434,037</u>	<u>-</u>	<u>4,818,824</u>	<u>6,577,580</u>
Profit for the year				2,699,542	<u>2,699,542</u>
Other comprehensive income for the year (net)	-	-	-	-	<u>-</u>
Total comprehensive income	-	-	-	2,699,542	<u>2,699,542</u>
Other adjustment Payment of dividends				(2,384,495)	<u>(2,384,495)</u>
<b>Balance at 31 Dec, 2013</b>	<u>1,324,719</u>	<u>434,037</u>	<u>-</u>	<u>5,133,871</u>	<u>6,892,626</u>
Profit for the year	-	-		1,062,983	1,062,983
Other comprehensive income for the year (net)	-	-		-	<u>-</u>
Total comprehensive income	-	-	-	1,062,983	1,062,983
Other adjustment Payment of dividends				(2,384,494)	<u>(2,384,494)</u>
<b>Balance at 30 June 2014</b>	<u>1,324,719</u>	<u>434,037</u>	<u>-</u>	<u>3,812,360</u>	<u>5,571,115</u>

**NASCON INDUSTRIES PLC**

**STATEMENT OF CASH FLOW  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

	Note	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
<b>Cash flows from operating activities</b>				
Cash receipt from customers		5,511,769	5,011,862	11,003,505
Cash paid to suppliers and employees		<u>(2,366,407)</u>	<u>(3,424,667)</u>	<u>(7,681,561)</u>
		3,145,362	1,587,195	3,321,944
Value added tax paid		13,896	12,357	12,357
Tax paid		<u>-</u>	<u>(300,000)</u>	<u>(1,452,402)</u>
Net cash provided by operating activities		<b><u>3,159,258</u></b>	<b><u>1,299,552</u></b>	<b><u>1,881,900</u></b>
<b>Cash flows from investing activities</b>				
Purchase of PPE		(1,213,725)	(1,740,185)	(2,594,791)
Proceed from sale of PPE		10,328		2,365
Interest received		<u>29,914</u>	<u>201,259</u>	<u>230,136</u>
Net cash provided by investing activities		<b><u>(1,173,483)</u></b>	<b><u>(1,538,926)</u></b>	<b><u>(2,362,290)</u></b>
<b>Cash flows from financing activities</b>				
Dividend paid		(2,384,495)	(2,384,495)	(2,384,495)
Interest paid		<u>(8,793)</u>	<u>(4,269)</u>	<u>(8,317)</u>
Net cash provided by financing activities		<b><u>(2,393,288)</u></b>	<b><u>(2,388,764)</u></b>	<b><u>(2,392,812)</u></b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		(407,513)	(2,628,138)	(2,873,202)
<b>Cash and cash equivalents at 1 January</b>		<u>1,187,644</u>	<u>4,066,082</u>	<u>4,060,846</u>
<b>Cash and cash equivalents at 30 June</b>		<b><u>780,131</u></b>	<b><u>1,437,944</u></b>	<b><u>1,187,644</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**1 GENERAL INFORMATION**

National Salt Company of Nigeria Plc. (Now NASCON INDUSTRIES Plc.) was incorporated in Nigeria as a limited liability company on 30 April 1973. It was fully privatized in April, 1992 and became listed on the Nigerian Stock Exchange on 20 October, 1992. At a general meeting held on 29 September 2006, the shareholders approved the acquisition of the assets, liabilities and business undertakings of Dangote Salt Limited and the issue and allotment of additional NASCON PLC shares as the purchase consideration. The major shareholder of the Company is Dangote Industries Limited that owns about 62.19% of the issued share capital, while the remaining 37.81% is held by the Nigerian public.

The ultimate controlling party is Alhaji Aliko Dangote.

The registered address of the Company is located at 15B Ikosi Road, Oregun, Ojota Lagos.

**1.1 The principal activity**

The principal activity of the Company is the refining and sale of edible, refined, bulk and industrial salt. The Company's products are sold through distributors across the country.

**1.2 Financial period**

These financial statements cover the financial period from 1 January 2014 to 30 June 2014 with comparatives for half year 30 June 2013 and year ended 31 December 2013

**1.3 Going Concern status**

The Company has consistently turned in profits since 2007 combination with Dangote Salt. The Directors believe that there is no intention or threat from any party to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on a going concern basis.

**1.4 Operating environment**

Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political, social, and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Nigeria and the country's economy in general. The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. These conditions could slow or disrupt Nigeria's economy, adversely affecting the Company's access to capital and cost of capital for the Company and more generally, its business, results of operation, financial condition and prospects

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2014**

**2 ADOPTION OF NEW AND REVISED IFRS STANDARDS**

**2.1 Accounting standards and interpretations issued but not yet effective**

The following revisions to accounting standards and pronouncements that are applicable to the company were issued but are not yet effective. Where IFRSs and IFRIC Interpretations listed below permits early adoption, the company has elected not to apply them in the preparation of these financial statements.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

<b>Pronouncement</b>	<b>Nature of change</b>	<b>Required to be implemented for periods beginning on or after</b>
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.	Applicable to annual periods beginning on or after 1 January 2014
<i>Novation of Derivatives and Continuation of Hedge Accounting'</i> (Amendments to IAS 39)	Amends IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.	Applicable to annual periods beginning on or after 1 January 2014
<i>IFRS 9(2010)</i>	A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 <i>Financial Instruments: Recognition and Measurement</i> .	Applies to annual periods beginning on or after 1 January 2015
<i>Offsetting Financial Assets and Financial Liabilities</i> (Amendments to IAS 32)	The amendment clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realisation and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.	Applicable to annual periods beginning on or after 1 January 2014
<i>Investment Entities</i> (Amendments to IFRS 10, IFRS 12 and IAS 27)	The amendment provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).	Applicable to annual periods beginning on or after 1 January 2014
IFRIC 21 Levies	Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.	Applies to annual periods beginning on or after 1 January 2014

**3 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Company's first full IFRS Financial statements and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. Disclosures outlining the adjustments necessary in the transition to IFRS are disclosed in Note 33, 34 and 35.

**3.2 Basis of preparation**

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

**3.3 Functional and presentation currency**

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**3.4 Revenue recognition**

Revenue is derived principally from the sale of goods and is measured at the fair value of the consideration received or receivable, after deducting discounts, volume rebates, value added tax and any estimated customer returns. Sales are stated at their invoiced amount which is net of value added taxes and discounts.

**Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with owners
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered (or collected, if sold under self-collection terms) and legal title is passed.

**3.5 Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, 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.

**3.6 Retirement benefit costs**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income. Past service cost is recognised immediately in the profit and loss account to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets, (if any). Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**3.7 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates at the reporting sheet date. Education tax is assessed at 2% of the assessable profits.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other comprehensive income or directly in equity respectively. Where current tax and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**3.8 Investment in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the company's share of the profit or loss and other comprehensive income of the associate. When the company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long term interests that, in substance, form part of the company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When applicable, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (higher of the value in use and fair value less costs to sell) with the carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Company losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognised in other income in relation to that associate on the assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets and liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustments) when it loses significant influence over the associate.

When the company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of the interest in the associates that are not related to the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**3.9 Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Fixed assets 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.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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 recognized in the statement of comprehensive income.

**ii. Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**Depreciation**

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

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

- Buildings – 50 years (2%)
- Plant and Machinery – 15 years (6.67%)
- Motor Vehicles – 4 years (25%)
- Computer Equipment – 3 years (33.3%)
- Tools and Equipment – 4 years (25%)
- Furniture and Equipment – 5 years (20%)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014**

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

### **3.10 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Where there are no agreed lease terms, rent payable is recognised as incurred.

### **3.11 Intangible assets**

#### **Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### **Derecognition of intangible assets**

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

### **3.12 Impairment of tangible and intangible assets excluding goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**3.13 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of engineering spares and consumable stock is determined on a weighted average basis. Cost of other stock (Raw materials, packaging materials, work in progress and finished goods) is determined on the basis of standard costs adjusted for variances. Standard costs are periodically reviewed to approximate actual costs.

Goods in transit are valued at the invoice price. Cost of inventory includes purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present location and condition. Finished goods, which include direct labour and factory overheads, are valued at standard cost adjusted at year-end on an actual cost basis.

Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**3.14 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation (when the time value of money is material).

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**3.14.1 Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**3.14.2 Environmental costs**

Costs incurred that result in future economic benefits, such as extending useful lives, increasing capacity or safety, and those costs incurred to mitigate or prevent future environmental contamination are capitalized. When the Company's management determine that it is probable that a liability for environmental costs exists and that its resolution will result in an outflow of resources, an estimate of the future remediation cost is recorded as a provision without contingent insurance recoveries being offset (only virtually certain insurance recoveries are recognized as an asset on the statement of financial position). When we do not have a reliable reversal time schedule or when the effect of the passage of time is not significant, the provision is calculated based on undiscounted cash flows.

Environmental costs, which are not included above, are expensed as incurred.

**3.15 Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. The Company's financial assets comprise loans and receivables.

**Effective interest method**

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all categories of financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty, or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- It is becoming probable that the owner will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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 of 30 days, as well as observable changes in national or local economic conditions that correlate with a 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 profit or loss.

**3.16 Cash and cash equivalents**

Cash and cash equivalents consist of cash, highly liquid investments and cash equivalents which are not subject to significant changes in value and with an original maturity date of generally less than three months from the time of purchase.

**3.17 Financial liabilities and equity instruments issued by the Company**

**Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss (FVTPL) or other liabilities.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

it has been acquired principally for the purpose of repurchasing it in the near term or on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short term profit taking; or it is a derivative that is not designated and effective as a hedging instrument.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

**Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

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

**Derecognition 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 profit or loss.

**3.18 Earnings per share**

The Company presents basic and diluted 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, adjusted for own shares held, if any. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effects of all dilutive potential ordinary shares.

**3.19 Foreign currency transactions and translation**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Naira, which is the Company's functional and presentation currency.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**3.19 Foreign currency transactions and translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the transaction date and are not restated.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined and are not restated.

**3.20 Borrowing costs**

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

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

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

**3.21 Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit and loss in the period in which they become receivable.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds and the fair value of the loan based on prevailing market interest rates.

**3.22 Segment information**

Information reported to the Chief Operating decision maker of the Company for the purposes of resource allocation and assessment of segment performance focuses on its sole product, refined salt.

Hence, no segment reporting has been provided in the financial statements as the Company is solely involved in the refining and sale of refined salt.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's significant accounting policies, described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**4.1 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**4.2 Useful life of property, plant and equipment**

The Company reviewed and revised the estimated useful lives of its property, plant and equipment on transition to IFRS on 1 January, 2011, and under IFRS, has reviewed them annually at each reporting date. Useful lives are estimated based on the engineer's report, as at each reporting date. Some of the factors considered include the current service potential of the assets, potential cost of repairs and maintenance.

There is a degree of subjective judgment in such estimation which has a resultant impact on profit and total comprehensive income for the year.

**4.3 Allowance for credit losses**

The Company periodically assesses its trade receivables for probability of credit losses. Management considers several factors including past credit record, current financial position and credibility of management, judgment is exercised in determining the allowances made for credit losses.

Provisions are made for receivables that have been outstanding for 365 days, in respect of which there is no firm commitment to pay by the customer.

Furthermore all balances are reviewed for evidence of impairment and provided against once recovery is doubtful. These assessments are subjective and involve a significant element of judgment by management on the ultimate recoverability of amounts receivable.

**NOTES TO THE FINANCIAL STATEMENTS  
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IAS 19, Employee Benefits, requires retrospective application for the recognition of actuarial gains and losses on employee benefits. IFRS 1 provides the option to recognise all deferred cumulative unamortised actuarial gains and losses on defined benefit pension plans and other benefits plans under Nigerian SAS in opening equity at the Transition Date and provide disclosures on a prospective basis. The Company has taken this option, resulting in the cumulative amount of actuarial losses on the defined benefit pension plans and other benefits plans being recognised in retained earnings at the Transition Date.

**b. Leases**

IFRIC 4, Determining Whether an Arrangement Contains a Lease, requires an assessment of whether a contract or arrangement contains a lease. The assessment should be carried out at the inception of the contract or arrangement. First-time adopters must apply IFRIC 4, but can elect to make this assessment as of the date of transition based on the facts at that date, rather than at inception of the arrangement. The Company elected to take this exception and did not assess arrangements according to IFRIC 4 prior to Transition Date.

**c. Fair value as deemed cost**

**IFRS 1** provides option to elect to re-measure property, plant and equipment at fair value at the Transition date and use that fair value as their deemed cost. The 'fair value as deemed cost' exemption may be applied on an asset-by-asset basis. This exemption may also be applied to investment property if an entity elects to use the cost model in IAS 40, Investment Property. We has decided to use fair value as deemed cost for certain property, plant and equipment.

**Mandatory exceptions**

**d. Estimates**

Estimates made in accordance with IFRS at the Transition Date are consistent with estimates the Company previously made under Nigerian SAS.

**e. Classification and measurement of financial assets**

The entity is required to assess whether a financial asset meets the conditions in IAS 39 on the basis of the facts and circumstances that exist at the date of transition to IFRS. The Company had assessed the classification of its financial assets in line with IAS 39.

**f. De-recognition of financial assets and liabilities exception**

Financial assets and liabilities derecognized before 1 January 2011 are not re-recognized under IFRS.

**g. Embedded derivative**

In line with the first time adoption of IFRS 1, the Company applied the exception to the retrospective application of IAS 39 to contracts (with possible embedded derivative conditions) which existed at the date of transition. The exception requires a consideration of such contracts at the later of the date the Company became a party to the contract and the date a reassessment is required.

All other mandatory exceptions in IFRS 1 were not applicable because there were no significant differences in management's application of Nigerian SAS in these areas.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**5 Revenue**

The following is the analysis of the entity's revenue for the half year from continuing operations (excluding investment income- see note 8)

	<b>30/6/2014</b>	<b>30/6/2013</b>	<b>2013</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Revenue from sale of edible/industrial salt	4,862,744	4,752,893	9,471,596
Freight income	<u>516,805</u>	<u>583,598</u>	<u>1,365,665</u>
	<b><u>5,379,549</u></b>	<b><u>5,336,491</u></b>	<b><u>10,837,261</u></b>

5.1 The amount represents revenue realised during the half year on the sale of Edible, Refined, Bulk and Industrial salt.

5.2 Information about major customers

These are leading blue chip companies in Nigeria, and they include manufacturers of confectioneries, seasonings, refined edible oil, processed leather, noodles, cement, and oil industries. They buy industrial salts of different grades and specifications.

5.3 The company provides a freight services to customers by transporting refined salt purchased to their destination. Freight income represents revenue earned in respect of this during the half year. The associated cost of running the freight services is rendered in cost of sales.

<b>6 Cost of Sales</b>	<b>30/6/2014</b>	<b>30/6/2013</b>	<b>2013</b>		
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>		
Direct material cost	1,901,309	1,721,462	2,892,735		
Direct labour cost	280,808	235,589	528,581		
Direct overhead	316,172	355,593	1,258,987		
External Haulage	562,488	492,549	1,185,905		
Depreciation	267,765	191,436	318,963	3,089,201	3,136,748
Loading	<u>28,424</u>	<u>29,065</u>	<u>58,984</u>		
	<b><u>3,356,966</u></b>	<b><u>3,025,694</u></b>	<b><u>6,244,155</u></b>		
<b>7 Administrative Expenses</b>					
Directors remuneration	28,200	30,741	59,642		
Salaries & related staff costs	171,301	157,017	242,842		
Management fee	107,044	118,325	223,742		
Depreciation	31,412	20,802	43,354		
Donation	-	-	54,000		
Impairment loss	-	-	37,812		
Utilities	38,482	43,249	88,212		
Computer supplies & maintenance	21,360	25,309	40,597		
Transport , travelling & Accomodation	39,458	39,796	72,751		
AGM Expenses	5,827	19,430	29,430		
Audit fee	6,000	6,950	14,500		
Legal and professional fees	<u>12,279</u>	<u>24,888</u>	<u>26,547</u>		
	<b><u>461,363</u></b>	<b><u>486,507</u></b>	<b><u>933,429</u></b>		

# NASCON INDUSTRIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

### 8 Investment income

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
<b>Rental income:</b>			
<b>Interest income:</b>			
Bank deposits	8.1      29	2,593	2,622
Fixed deposits	11,200	87,032	101,056
Commercial paper	18,686	111,634	126,458
	<u>29,915</u>	<u>201,259</u>	<u>230,136</u>

8.1 The interest income on bank deposits were earned at the average rate of 10%per annum

### 9 Other Income

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
Sale of scrap	33	28	-
Gain (loss) on disposal of asset	10,328	-	-
Non-refundable deposit from suppliers	-	180	-
Sundry income			19,975
Credits no longer required	9		21,910
Provision no longer required	9      31,731	115,000	155,000
Discount Received	8,150	-	31,456
	<u>50,242</u>	<u>115,208</u>	<u>228,341</u>

9.1 Credits no longer required relates to credit balance in some depot dated since 2005 which is no longer required hence recognised as income in the year 2013.

9.2 Provision no longer required relate to tax provision in previous years

### 10 Finance Cost

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
Bank charges	8,793	4,269	8,317
	<u>8,793</u>	<u>4,269</u>	<u>8,317</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014

11 Taxation

11.1 Income tax recognised in profit or loss

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
<b>Current tax</b>			
Current tax expense	468,963	613,238	1,073,755
Education tax	31,264	40,882	89,573
Adjustment for prior periods			2,655
	<u>500,227</u>	<u>654,120</u>	<u>1,165,983</u>
<b>Deferred tax</b>			
Deferred tax expense	-	-	172,880
	<u>-</u>	<u>-</u>	<u>172,880</u>
Total income tax recognised in current year	<u>500,227</u>	<u>654,120</u>	<u>1,338,863</u>

The tax rates used in the above comparative figures are the corporate tax rate of 30% payable by corporate entities in Nigeria. Education tax rate of 2% is also payable.

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
<b>11.2 Current tax assets and liabilities</b>			
Income tax payable	<u>1,663,555</u>	<u>1,803,867</u>	<u>1,163,328</u>
	<u>1,663,555</u>	<u>1,803,867</u>	<u>1,163,328</u>

11.3 Movement in tax payable account

Balance, beginning of the year	1,163,328	1,449,747	1,449,747
Charge for the year	500,227	654,120	1,165,983
Payment made during the year.	-	(300,000)	(1,452,402)
Over provision in prior year			-
Utilisation of withholding tax credits	-		-
Balance, end of the year	<u>1,663,555</u>	<u>1,803,867</u>	<u>1,163,328</u>

11.4 Deferred tax balance

Deferred tax liabilities	<u>352,882</u>	<u>180,002</u>	<u>352,882</u>
	<u>352,882</u>	<u>180,002</u>	<u>352,882</u>

11.4.1 Movement in deferred tax payable account

Balance, beginning of the year	352,882	180,002	180,002
Charge/(write-back) for the year	-	-	172,880
Discontinued operation	-	-	-
Balance, end of year	<u>352,882</u>	<u>180,002</u>	<u>352,882</u>



**NASCON INDUSTRIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**12 Profit for the year from continuing operations**

	<b>30/6/2014</b>	<b>30/6/2013</b>	<b>2013</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Profit for the half year is arrived after charging/(crediting) the following:			
Depreciation expense	323,185	98,676	503,705
Impairment Loss on trade receivables	-	-	24,572
Management fee	107,044	58,077	223,742
Director's remuneration	28,200	8,491	43,083
Legal and professional fees	12,279	11,902	26,547
Staff cost	171,301	91,410	223,228
Provision for bad & doubtful debts	-	-	13,240
Auditor's remuneration	6,000	3,000	12,950

**13 Earnings per share**

	<b>30/6/2014</b>	<b>30/6/2013</b>	<b>2013</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Profit for the year attributable to the owners of the company	<u>1,062,983</u>	<u>1,390,006</u>	<u>2,699,542</u>
Earnings used in the calculation of basic earnings per share	<u>1,062,983</u>	<u>1,390,006</u>	<u>2,699,542</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,649,438</u>	<u>2,649,438</u>	<u>2,649,438</u>
<b>Basic &amp; Diluted earnings per share (kobo)</b>			
From continuing operations	80	105	<b>102</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014

14 Property Plant and equipment

	BUILDING N'000	PLANT & MACHINERY N'000	TOOLS & EQUIPMENT N'000	MOTOR VEHICLES N'000	COMPUTER EQUIPMENT N'000	FURNITURE & FITTINGS N'000	CAPITAL WORK-IN- PROGRESS N'000	Total N'000
<b>COST:</b>								
Balance as at 1/1/2014	406,950	2,009,019	20,792	2,569,360	43,373	55,596	2,987,057	8,092,147
Additions	-	-	7,762	98,997	6,151	1,506	1,099,310	1,213,725
Disposal	-	-	-	(358,678)	-	-	-	(358,678)
Transfer	-	-	-	35,723	-	-	(35,723)	-
Adjustments	-	-	0	-	-	-	-	0
Balance at 30 June 2014	406,950	2,009,019	28,553	2,345,402	49,524	57,102	4,050,645	8,947,194
<b>Accumulated depreciation and impairment</b>								
Balance at 1 January 2014	52,721	732,298	11,650	1,430,951	33,331	41,900	-	2,302,850
Charge for the year	4,069	66,813	1,534	244,973	3,311	2,484	-	323,185
Eliminated on disposal	-	-	-	(352,426)	-	-	-	(352,426)
Adjustment	-	-	-	-	-	-	-	-
Impairment losses recognised in profit or loss	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-
Balance at 30 June 2014	56,790	799,112	13,184	1,323,498	36,642	41,899	-	2,273,609
<b>Carrying amount</b>								
Balance at 30 June 2014	350,160	1,209,907	15,370	1,021,904	12,882	15,203	4,050,645	6,673,585
Balance at 30 June 2013	355,572	1,281,351	2,957	1,283,071	6,692	9,710	2,249,881	5,189,233
At 31 December 2013	354,229	1,276,721	9,142	1,098,167	10,042	13,696	2,987,059	5,749,056

14.1 Work-in-progress

Work-in-progress comprises amounts expended on seasoning factory, palm oil plant and tomato plant.

14.2 Freehold land and buildings carried at revalued

Some properties located at Otta & Apapa/Calabar were professionally valued at N192.4 million by Messrs Dan Odiete & Co. (Estate Surveyors, Valuers and Real Estate Consultants) on 22nd November 1994 and N760.3million by Alagbe & Partners (Estate Surveyors and Valuers) in July 2002 respectfully on the basis of the open market capital value. The surplus of N149.5m arising from the revaluation was credited to Revaluation Reserve Account but transferred to retained earnings on transition to IFRS

14.3 Assets pledged as security

None of the company's assets were pledged as security for any liabilities as at June 2014 (2013:Nil)

14.4 Capital commitments

The company's total capital commitments as at 30 June, 2014 amounted to N213.9million in respect of the new factories for tomato paste, seasoning and vegetable oil at otta Ogun State, Nigeria

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014

15 Other assets

		30/6/2014 N'000	30/6/2013 N'000	2013 N'000
Prepayments:				
Rent		68,325	69,191	37,607
Insurance		6,231	11,639	4,478
SAP implementation	15.1	281,429	39,545	197,029
Others		43,842	41,006	96,117
		<u>399,827</u>	<u>161,381</u>	<u>335,231</u>
Current		399,827	161,381	335,231
Non-current		-	-	-
		<u>399,827</u>	<u>161,381</u>	<u>335,231</u>

15.1 Amount represents deposit for installation and implementation of SAP ERP

16 Inventories

		30/6/2014 N'000	30/6/2013 N'000	2013 N'000
Raw materials		636,228	615,010	520,787
Finished goods		210,180	157,922	75,786
Spare parts and consumables		112,095	38,591	130,303
Packaging Materials		61,015	74,294	77,850
Oil and Lubricants		17,886	4,135	10,757
Goods in Transit	16.2	-	-	418,329
		<u>1,037,404</u>	<u>889,952</u>	<u>1,233,812</u>

16.1 The provision for obsolete spares during the year relates to spares for which the associated equipments are already written off in previous years and thus no more in

16.2 Amount relates to deposit for raw salt which is yet to be received as at year end.

**Movement in stock of spares**

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
Cost	176,007	94,048	194,215
Allowance for obsolete spares	(63,912)	(55,457)	(63,912)
	<u>112,095</u>	<u>38,591</u>	<u>130,303</u>

16.3 No inventory was pledged as security for any liability

## NASCON INDUSTRIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

#### 17 Trade and other receivables

		<b>30/6/2014</b>	<b>30/6/2013</b>	<b>2013</b>
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Trade debtors		1,061,407	1,381,552	1,636,263
Allowance for bad and doubtful debts		<u>(816,243)</u>	<u>(791,671)</u>	<u>(816,243)</u>
		<b>245,164</b>	<b>589,881</b>	<b>820,020</b>
Staff loans and advances	17.5	100,067	119,550	65,933
Rebate receivable from suppliers	17.3	1,824,565	942,988	1,800,795
Advance to suppliers of rawsalt	17.4	358,319	486,978	206,425
Insurance claim receivable		15,623	18,203	15,623
VAT receivable		28,615	27,016	27,016
Related party receivables	27	<u>324,658</u>	<u>499,579</u>	<u>-</u>
		<b>2,897,011</b>	<b>2,684,195</b>	<b>2,935,812</b>
Allowance for doubtful Insurance claim receivable		<u>(15,623)</u>	<u>(15,623)</u>	<u>(15,623)</u>
		<b>2,881,388</b>	<b>2,668,572</b>	<b>2,920,189</b>

17.1 Trade receivables disclosed above are carried at cost less allowance for doubtful debts.

#### 17.2

The average credit period taken on sales of goods is 30 days. No interest is charged on outstanding trade receivables. It is the company's policy to recognise a 100% allowance on receivables that are due for over 365 days based on management judgement that those receivables are unlikely to be recovered. Allowances for doubtful debts are recognised against trade receivables between 60 days and 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of their current financial position  
Credit sales are made subject to observation of all credit approval procedures.

17.3 Amount relates to net adjustment of estimated transaction amount and the actual invoice amount in respect of transactions involving the importation of raw salt by the Company's main supplier

17.4 Amount relates to advance payment made to suppliers for provision of services for which benefits has not been received. Some vendors are being paid in advance.

17.5 Amount relates to loans and advances to employees of the company which mainly are due within one year. The amount paid as housing allowance upfront is included in the current figure (31 Dec, 2013 - N/A)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**18 CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand and in banks and short term deposits with 30days tenor. Cash and cash equivalents at the end of the reporting period as shown in the statement of cashflows can be reconciled to the related items in the statement of financial position as follows:

	<b>30/6/2014</b>	<b>30/6/2013</b>	<b>2013</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Cash in hand	7,346	5,969	6,894
Bank balance	568,182	762,756	570,819
Short term deposits	<u>204,603</u>	<u>669,219</u>	<u>615,166</u>
Bank overdrafts	780,131	1,437,944	1,192,879
	<u>(5,238)</u>	<u>(5,236)</u>	<u>(5,236)</u>
	<u><u>774,893</u></u>	<u><u>1,432,708</u></u>	<u><u>1,187,643</u></u>

**18.1** Short term deposits comprise of commercial papers and term deposits as shown below:

	<b>Rate</b>	<b>Amount</b>
		N000
UBA fixed deposits	9%	<u>154,603</u>
Ecobank fixed deposits	9%	50,000
DIL Commercial papers	11%	<u>-</u>
		<u><u>204,603</u></u>

Commercial papers and fixed deposits have interest rates ranging from 11% to 9% respectively and less than 90 days maturity period  
The company does not have restricted cash

**18.2** Bank overdraft relates to outstanding debts with some Nigerian defuncts bank

NASCON INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS  
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19 Issued capital

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
Share capital	<u>1,324,719</u>	<u>1,324,719</u>	<u>1,324,719</u>
	<u>1,324,719</u>	<u>1,324,719</u>	<u>1,324,719</u>
Issued capital comprises:			
<b>Authorised</b>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
<b>Issued and fully paid</b>	<u>1,324,719</u>	<u>1,324,719</u>	<u>1,324,719</u>

20 Share Premium

<b>1995 :Rights issue 65,846,667 ordinary shares of 50k each issued at N2.84 premium</b>	156,793	156,793	156,793
<b>2007: Share Conversion</b>	404,303	404,303	404,303
<b>Less Deferred charges written off</b>	(127,059)	(127,059)	(127,059)
	<u>434,037</u>	<u>434,037</u>	<u>434,037</u>

21 Retained earnings

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
At 1 January	5,133,870	4,818,825	4,818,823
Dividend declared and paid	(2,384,495)	(2,384,495)	(2,384,495)
Profit for the year	1,062,983	1,390,006	2,699,542
Adjustment	21.2 -	18,693	-
At 31 December	<u>3,812,358</u>	<u>3,843,029</u>	<u>5,133,870</u>

21.1 At the Annual General Meeting held on 19th June 2014, the shareholders approved that dividend of 90k be paid to shareholders (total value N2.384billion) for the year ended 31 December 2013. this has been fully paid.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014

21.3 Dividend

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
Summary			
At 1 January			-
Dividend declared	(2,384,495)	(2,384,495)	2,384,495
	(2,384,495)	(2,384,495)	2,384,495
Payments - Meristem Registrars	2,384,495	2,384,495	(2,384,495)
	-	-	-

Government grant

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
22 <b>Unsecured borrowing at amortized cost</b>			
Debenture	<b>38,570</b>	<b>38,570</b>	<b>38,570</b>

At the time of privatisation in 1992, the debt owed the Federal Government of Nigeria by the company was restructured by the Bureau for Public Enterprise . The Board of Directors has taken steps to obtain a waiver of the loan from the Federal Government of Nigeria.

23 Trade and other payables

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
Trade creditors	1,038,824	934,221	1,606,120
Other creditors and accruals	1,864,276	485,481	308,421
Value added tax	14,719	14,659	14,659
Customers deposit	262,224	538,133	650,176
Withholding tax payable	275,135	25,552	51,523
PAYE	4,128	2,505	2,659
Staff pension	5,862	4,265	4,594
Related party payables	344,640	316,014	-
	<b>3,809,808</b>	<b>2,320,830</b>	<b>2,638,152</b>

**NASCON INDUSTRIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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- 23.1** Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables. The directors consider that the carrying amount of trade payables approximates to the fair value.

**23.2 Customer's deposit**

	<b>30/6/2014 N'000</b>	<b>30/6/2013 N'000</b>	<b>2013 N'000</b>
New deposits	262,224	538,133	650,176
At 31 March	<u><b>262,224</b></u>	<u><b>538,133</b></u>	<u><b>650,176</b></u>

Customers' deposits relates to amount deposited by customers for which delivery has not been made during the period. Most of the customers often pay in advance for goods to be delivered to them.

**23.3 Staff pension**

	<b>30/6/2014 N'000</b>	<b>30/6/2013 N'000</b>	<b>2013 N'000</b>
At 1 January	4,594	(0)	-
Contributions during the year	34,884	25,372	51,836
Remittance in the year	<u>(33,616)</u>	<u>(21,107)</u>	<u>(47,242)</u>
At 31 March	<u><b>5,862</b></u>	<u><b>4,265</b></u>	<u><b>4,594</b></u>

The only obligation of the company with respect to the pension scheme is to make the specified contributions.



**NOTES TO THE FINANCIAL STATEMENTS  
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**24 Retirement benefit obligation**

**24.1 Defined contribution plans**

The Company operates defined contribution retirement benefit plans for its non-permanent Nigerian employees. The assets of the plans are held separately from those of the company and managed by Pension Fund Administrators. The scheme is funded in accordance with the Pension Reform Act of 2004 with the employee and employer contribution 7.5% of the employee's relevant emoluments.

The total expense recognised in profit or loss of N34.9m (2013:N25.4M) represents contributions payable to this plan by the company as at 30 June, 2014

**24.2 Defined benefit plans**

The entity was operating a defined benefit for its permanent Nigerian staff, the benefits under which are related to employees' length of service and final remuneration. However, the Board resolved to discontinue the scheme effective January, 2013

NASCON INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014

<b>24.4 Movement in gratuity</b>	<b>30/6/2014</b>	<b>30/6/2013</b>	<b>2013</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Balance as at 1 January</b>	<b>340,373</b>	516,267	516,267
Current Service cost	-	(115,000)	(155,000)
<b>Actuarial (Gains)/Losses - Change in assumption</b>		-	-
Benefits paid out	(9,204)	(4,474)	(20,894)
<b>Balance as at 30 June, 2014</b>	<b>331,169</b>	<b>396,793</b>	<b>340,373</b>

As at the date of the valuation, no fund has been set up from which payments can be disbursed

**24.5** Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	<b>30/6/2014</b>	<b>30/6/2013</b>	<b>2013</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Current Service cost	-	(115,000)	(155,000)
Interest Cost	-	-	-
Past Service cost	-	-	-
Curtailement (Gains)	-	-	-
Expected Return on Plan asset	-	-	-
<b>Net (Gain)/Charge</b>	<b>-</b>	<b>(115,000)</b>	<b>(155,000)</b>

The expense/reversal for the year is included in the employee benefit expense in profit or loss for the year. Of the reversal/expense for the year, N151m (2011-N121m) has been included in profit or loss as provision no longer required/ administration expense.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

<b>25 Reconciliation of net income to net cash provided by operating activities</b>	<b>30/6/2014 N'000</b>	<b>30/6/2013 N'000</b>	<b>2013 N'000</b>
Profit after tax	1,062,983	1,390,006	2,699,542
<b>Adjustments to reconcile profit after tax to net cash provided</b>			
Depreciation	323,185	269,728	503,705
Interest payable and similar charges	8,793	4,269	8,317
Interest receivable and similar income	(29,915)	(201,259)	(230,136)
Asset impaired			-
Adjustment to fixed assets	-		(17,762)
<b>Changes in assets and liabilities</b>			
(Increase)/decrease in inventory	196,408	20,369	94,838
(Increase)/decrease in Trade and Other receivables	38,801	(720,349)	(505,787)
(Increase)/decrease in due from related parties			(408,668)
Decrease/(increase) in other assets - short term	(64,596)	(100,223)	(712,615)
Decrease/(increase) in other assets - long term	-	3,675	23,888
Decrease in trade and other payables	1,132,578	398,691	(393,448)
Increase/(decrease) in due to related parties			1,109,457
Increase/(decrease) in retirement benefit obligation	(9,204)	(119,474)	(175,894)
Increase in Gratuity	-	-	-
Increase/(decrease) in deferred tax	-	-	172,880
Increase/(decrease) in tax payable	500,227	354,120	(286,419)
Total adjustments	<b>2,096,277</b>	<b>(90,453)</b>	<b>(817,643)</b>
<b>Net cash provided by operating activities</b>	<b>3,159,260</b>	<b>1,299,553</b>	<b>1,881,899</b>

**26 Risk management**

Risk management roles and responsibilities are assigned to stake holders in the company at three levels: The board, executive committee and line managers.

The Board oversight is performed by the Board of Directors through the Finance and Establishment Committee.

The second level is performed by the Executive Management Committee (EXCO)

The third level is performed by all line managers under EXCO and their direct reports. They are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily operations.

The Internal Audit Department provides an independent assurance of the risk frame work. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

The Company monitors and manages financial risks relating to its operations through internal risk report which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

# NASCON INDUSTRIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

### 26.1 Capital Risk Management

The capital structure of the company consists of debt, which includes the borrowings disclosed in, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial statements.

The company is not subject to any externally imposed capital requirements.

#### 26.1.1 Gearing ratio

The gearing ratio at the year end is as follows

	30/6/2014 N'000	30/6/2013 N'000	2013
Debt	5,238	5,236	5,236
Equity	5,571,115	5,601,785	6,977,150
<b>Net debt to equity ratio</b>	<b>0.09%</b>	<b>0.09%</b>	<b>0.08%</b>

Debt is defined as long- and short-term borrowings (bank overdraft inclusive) , while equity includes all capital and reserves of the company.

#### 26.1.2 Categories of financial instruments

30 June, 2014

	Loans and receivables N'000	Non-financial assets N'000	Total N'000
<b>Assets</b>			
Trade and other receivables	2,881,388	-	2,881,388
Cash and cash equivalents	772,785	7,346	780,131
	<b>3,654,173</b>	<b>7,346</b>	<b>3,661,519</b>
<b>Liabilities</b>			
	At amortised cost	Non - financial liability	Total
Trade and other payables	1,945,532	1,864,276	3,809,808
Employee Benefits	331,169	-	331,169
	<b>2,276,701</b>	<b>1,864,276</b>	<b>4,140,977</b>

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	30 June, 2014		Total
	Loans and receivables	Non-financial assets	
	N'000	N'000	N'000
<b>Assets</b>			
Trade and other receivables	2,668,572	486,978	3,155,550
Cash and cash equivalents	780,131	7,346	772,785
	<b>3,448,703</b>	<b>494,324</b>	<b>3,928,335</b>
<b>Liabilities</b>			
	At amortised cost	Non - financial liability	Total
Trade and other payables	3,809,808	1,864,276	5,674,084
Employee Benefits	331,169		331,169
	<b>4,140,977</b>	<b>1,864,276</b>	<b>6,005,253</b>

26.1.3 **Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in relevant notes to the Financial statements.

26.2. **Foreign currency financial and credit risk**

The company is exposed to market risk, credit risk and liquidity risks. The parent company's internal audit and risk management team is responsible for monitoring its exposure to each of the mentioned risks. This policy provides guidance over all treasury and finance related matters and is undermined by delegated authority guidelines and detailed procedures. The main objectives of the policy are to ensure that sufficient liquidity exists to meet the operational needs of the business to maintain the integrity and liquidity of the investment portfolio and to manage the impact of foreign exchange and interest rate volatility on the company's net income.

26.3.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is minimal as it does not have either floating or fixed interest bearing financial liabilities outstanding as the reporting date. Its cash and cash equivalents (fixed deposits) with financial institutions have fixed interest rates.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

**26.4 Fair value of financial instruments**

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	Book Value		Fair Value	
	30/6/2014 N'000	30/6/2013 N'000	2013 N'000	2013 N'000
<b>Financial Asset</b>				
Trade and other receivables	2,881,388	2,668,572	-	-
Cash and cash equivalents	774,893	1,432,708		
<b>Financial Liabilities</b>				
Bank Loans (Overdrafts)	5,238	5,236	-	-
Trade and Other Payables	3,809,808	2,320,830	-	-
Employee Benefit	331,169	340,373		
Government Grant	38,570	38,570		

The Book value of the Trade and other receivables is arrived at by factoring allowance for doubtful debts on trade receivables and other receivables.

The carrying amount of bank overdrafts and loans is approximately equal to their fair value.

**26.5 Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate (bank guaranty, insurance bonds), as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information, customers financial position, past trading relationship, its own trading records and other factors to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management team periodically.

**26.5.1 Trade Receivable**

**Concentration of risk**

About 23% of the trade receivables are due from a single customer whose credit history is good. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analysed at each reporting date on an individual basis for corporate and individual customers

**26.5.2 Deposits with banks and other financial institutions**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with its corporate treasury policy that spells out counterparty limits, list of financial institutions that the company deals with and the maximum tenure of fixed term funds. Surplus funds are spread amongst these institutions and funds must be within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Corporate Treasurer periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the potential counterparty's failure.

## NASCON INDUSTRIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

#### 26.5.3 Maximum exposure to credit risks

The carrying value of the Company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	<b>30/6/2014</b>	<b>30/6/2013</b>	<b>2013</b>
	<b>N'000</b>	<b>N'000</b>	
Trade Receivables	245,164	589,881	327,142
Other Receivable	2,636,224	2,078,691	1,893,744
Short Term Deposits	772,785	669,219	1,185,986
Amount due from related party	324,658	499,579	1,800,795
	<b><u>3,978,831</u></b>	<b><u>3,837,370</u></b>	<b><u>5,207,667</u></b>

#### 26.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short- medium - and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

##### 26.6.1 Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	<b>3 months to</b>		
	<b>1year</b>	<b>1-5 Years</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Borrowings	-	38,570	38,570
	<b><u>-</u></b>	<b><u>38,570</u></b>	<b><u>38,570</u></b>
Borrowings	-	38,570	38,570
	<b><u>-</u></b>	<b><u>38,570</u></b>	<b><u>38,570</u></b>

NASCON INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2014

27.a Intercompany receivables

	30/6/2014 N'000	30/6/2013 N'000	31/12/2013 N'000
<b>Parent and ultimate controlling party</b>			
Dangote Industries Limited (Parent)	139,798	348,274	153,062
Allowance for doubtful debt			
	<b>139,798</b>	<b>348,274</b>	<b>153,062</b>
<b>Other related party receivables</b>			
Dangote Pasta Limited	7,919	7,919	7,919
Dangote Sugar Refineries	39,743	43,766	56,050
DIL Flour Mills, Apapa	-	-	-
Dangote Noodles Limited	9,525	11,847	8,261
Dansa Foods Limited	-	2,546	2,546
Dangote Cement-ibeshe	44,462	16,562	31,595
Obajana Cement	478		478
Agrosack Ltd	-	9	
Dangote Transport		-	9,837
Dangote Logistic	67,862	67,863	67,863
Dangote Foundation	14,870	794	-
DANCOM	-		6,980
Provison for doubtful related party receivables	-		
	<b>184,859</b>	<b>151,305</b>	<b>191,530</b>
	<b>324,657</b>	<b>499,579</b>	<b>344,592</b>

27.b Intercompany payables

	30/6/2014 N'000	30/6/2013 N'000	2013 N'000
<b>Parent and ultimate controlling party</b>			
Dangote Industries Limited (Parent)	54,398	54,398	54,398
Allowance for doubtful debt			
	<b>54,398</b>	<b>54,398</b>	<b>54,398</b>
<b>Other related party payables</b>			
Dangote Pasta Limited			
Dangote Sugar Refineries	91,328	68,458	108,316
DIL Flour Mills, Apapa	-		-
Dangote Noodles Limited	-		-
Dansa Foods Limited	-		-
Dangote Cement	24,194	24,194	24,194
Obajana Cement	-	-	-
Agrosack Ltd	41,958	62,365	97,900
Dangote Transport	22,962	22,962	22,962
Dangote Logistic	-		-
Dangote Foundation	-		-
Benue Cement	81,922	81,922	81,922
DANCOM	27,878	1,716	-
Provison for doubtful related party receivables	-		-
	<b>290,242</b>	<b>261,617</b>	<b>335,294</b>
	<b>344,640</b>	<b>316,014</b>	<b>389,692</b>



**NASCON INDUSTRIES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**28.2 Identity of related parties**

**Related parties**

Dangote Transport Limited  
Dangote Sugar Refinery Plc

Dansa Foods Limited

Dangote Flour Mills Plc  
Dangote Pasta Limited

Dangote Industries Limited (see note 15.  
Dangote Noodles Limited  
Dangote Agrosacks

Green view Development Company Limited

Benue Cement

DANCOM

Dangote Cement Plc

Obajana Cement

Dangote Logistics

**Nature of related party transactions**

Fellow subsidiary company -- provides haulage services

Fellow subsidiary company -- buys crude salt and also provide warehouse facility for which NASCON pays rent

An entity controlled by a key management personnel of the Company that has trading relationship with the Company.

Fellow subsidiary

Fellow subsidiary - NASCON provides haulage services

Parent company -- provides management support and receives 2% of turnover as management fees

Fellow subsidiary company -- buys Table salt

Fellow subsidiary -- Supplies empty sacks for bagging finished salt

Fellow subsidiary

Fellow subsidiary-NASCON buys trucks

Fellow subsidiary-Service provider for IT services

Fellow subsidiary company that buys crude salt

Fellow subsidiary -provides haulage services

Fellow subsidiary-was using NASCON (OTTA) warehouse for truck custody

Information regarding Director and employess

**28.3 Directors**

	30/6/2014 N'000	30/6/2013 N'000	31/12/2013 N'000
Director's emoluments comprise:			
Fees	-	-	410
Salaries	12,000	12,392	28,891
Others	16,200	18,350	30,341
	<u>28,200</u>	<u>30,742</u>	<u>59,642</u>

The number of Directors excluding the Chairman with gross emoluments within the bands stated below were :

N'000	Number	Number
0 - 5000	-	-
20000 -25000	1	1
26000 -31000	-	-
38000 -43000	-	-

**NASCON INDUSTRIES PLC**

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**28.4 Employees**

Average number of employees employed during the year :

	<b>June 2014</b>	<b>June 2013</b>	<b>DEC. 2013</b>
Management	21	19	18
Senior Staff	115	77	75
Junior Staff	<u>377</u>	<u>374</u>	<u>390</u>
<b>Total</b>	<b><u>513</u></b>	<b><u>470</u></b>	<b><u>483</u></b>

Aggregate payroll costs:

Wages,salaries,allowances and other benefits	464,109	371,758	764,511
Provision for gratuity	-	-	-
Pension cost	<u>34,884</u>	<u>25,372</u>	<u>25,918</u>