NASCON ALLIED INDUSTRIES PLC

Unaudited Financial Statements

For the period ended March 31, 2018

NASCON ALLIED INDUSTRIES PLC

Unaudited Financial Statements
For the period ended March 31, 2018

CONTENTS **PAGE**

NASCON ALLIED INDUSTRIES PLC

Statement of Profit or Loss and Other Comprehensive Income

For the period ended March 31, 2018

	Notes	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Continuing Operations				
Revenue	5	6,768,231	6,461,172	27,064,325
Cost of sales	7	(4,698,294)	(4,709,275)	(17,070,310)
Gross profit		2,069,937	1,751,897	9,994,015
Investment income	8	154,103	52,000	354,745
Other income	9	4,134	611	11,296
Distribution cost	10.1	(189,827)	(154,423)	(604,718)
Administrative expenses	10.2	(475,926)	(404,771)	(1,773,737)
Finance costs	11	-	(72,113)	(72,113)
Profit before taxation		1,562,421	1,173,201	7,909,488
Taxation	13	(499,975)	(375,424)	(2,565,896)
PROFIT FOR THE YEAR		**1,062,446**	**797,777**	**5,343,592**
Other comprehensive income		**-**		**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,062,446**	**797,777**	**5,343,592**
Earnings per share				
From continuing operations		-		-
Basic earnings per share (Kobo)		160	120	202

NASCON ALLIED INDUSTRIES PLC

Statement of Financial Position
For the period ended March 31, 2018

	Notes	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Assets				
Non-current assets				
Property, plant and equipment	16	9,141,691	7,719,655	9,419,203
Intangible asset	17	-	27,272	-
Other assets	18	-	5,513	1,838
Total non-current assets		**9,141,691**	**7,752,440**	**9,421,041**
Current assets				
Inventories	19	2,581,675	2,562,881	3,016,787
Trade and other receivables	20	6,258,085	7,007,450	5,603,540
Other financial assets	21	468,791	-	468,791
Other assets	18	3,730,422	3,709,283	2,136,348
Cash and bank	22	9,761,279	3,982,973	9,476,740
Total current assets		**22,800,252**	**17,262,587**	**20,702,206**
Total assets		**31,941,943**	**25,015,027**	**30,123,247**
Equity and liabilities				
Equity				
Share capital	23	1,324,719	1,324,719	1,324,719
Share premium	24	434,037	434,037	434,037
Retained earnings	25	10,838,902	7,085,247	9,776,456
Total equity		**12,597,658**	**8,844,003**	**11,535,212**
Liabilities				
Borrowings	27	38,570	38,570	38,570
Retirement benefit obligation	28	207,646	241,138	222,134
Deferred tax liabilities	14	1,712,001	1,143,882	1,712,001
Total non-current liabilities		**1,958,217**	**1,423,590**	**1,972,705**
Current liabilities				
Trade and other payables	29	14,900,718	13,499,785	14,629,955
Current tax liabilities	13	2,485,350	1,247,649	1,985,375
Total current liabilities		**17,386,068**	**14,747,434**	**16,615,330**
Total liabilities		**19,344,285**	**16,171,024**	**18,588,035**
Total equity and liabilities		**31,941,943**	**25,015,027**	**30,123,247**
		-		

The financial statements and the notes on pages 6 to 39, were approved by the board on April 30, 2018 and were signed on its behalf by

Paul Farrer
Managing Director
FRC/2016/IODN/00000015797

Iwamofe Tunde
Finance Controller
FRC/2013/ICAN/00000002247

NASCON ALLIED INDUSTRIES PLC

Statement of Changes in Equity
For the period ended March 31, 2018

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Retained earnings N'000	Total equity N'000
Balance at January 1, 2017	1,324,719	434,037	-	6,287,471	8,046,227
					-
Profit for the year				5,343,592	5,343,592
Other comprehensive income for the year (net of tax)	-	-	-	-	-
Total comprehensive income	-	-	-	5,343,592	5,343,592
Adjustment				-	-
Payment of dividends				(1,854,607)	(1,854,607)
Balance at December 31, 2017	**1,324,719**	**434,037**	**-**	**9,776,456**	**11,535,212**
					-
Profit for the year	-	-		1,062,446	1,062,446
Other comprehensive income for the year (net of tax)	-	-		-	-
Total comprehensive income	-	-	-	1,062,446	1,062,446
Payment of dividends				-	-
Balance at March 31, 2018	**1,324,719**	**434,037**	**-**	**10,838,902**	**12,597,658**

NASCON ALLIED INDUSTRIES PLC

Statement of Cash Flows
For the period ended March 31, 2018

	Notes	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Cash flows from operating activities				
Cash receipt from customers		6,849,107	6,446,733	26,778,211
Cash paid to suppliers and employees		(6,507,091)	(3,206,473)	(12,057,832)
Cash generated from operations	30	342,016	3,240,260	14,720,379
Tax paid	13	-	-	(884,626)
Net cash provided from operating activities		**342,016**	**3,240,260**	**13,835,753**
Cash flows from investing activities				
Purchase of intangible assets				-
Purchase of PPE	16	(211,580)	(1,732,158)	(4,815,362)
Proceed from sale of PPE		-	2,915	5,046
Purchase of short term investment		-		(468,791)
Interest received	8	154,103	52,000	354,745
Net cash used in investing activities		**(57,477)**	**(1,677,243)**	**(4,924,362)**
Cash flows from financing activities				
Dividends paid	26	-	-	(1,854,607)
Interest paid	11	-	(72,113)	(72,113)
Net cash used in financing activities		**-**	**(72,113)**	**(1,926,720)**
Cash and cash equivalents for the year		284,539	1,490,904	6,984,671
Cash and cash equivalents at January 1, 2017		9,476,740	2,492,069	2,492,069
Cash and cash equivalents at March 31, 2017	22	**9,761,279**	**3,982,973**	**9,476,740**

Notes to the Financial Statements
For the period ended March 31, 2018

1. GENERAL INFORMATION

NASCON ALLIED INDUSTRIES Plc.(formerly known as National Salt Company of Nigeria Plc.) was incorporated in Nigeria as a limited liability company on 30 April 1973. It was fully privatised 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 62.19% of the issued share capital, while the remaining 37.81% is held by the Nigerian public.

The ultimate controlling Company is Greenview International Corporation.

The registered address of the Company is located at Salt City, Ijoko Ota, Ogun State.

1.1 The principal activity

The principal activity of the Company is the refining and sale of Edible, Refined, Bulk and Industrial Salt, Tomato Paste, Vegetable Oil as well as Seasoning. The Company's products are sold through distributors across the country.

1.2 Financial period

These financial statements cover the financial period from January 1, 2018 to March 31, 2018 with comparatives for same period ended March 31, 2017.

1.3 Going Concern status

The Company has consistently turned in profits since 2007. 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.

2. 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.

2.1 Statement of compliance with IFRS

The Financial Statements are prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these financial statements.

2.2 Basis of measurement

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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.3 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.

2.3.1 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Naira, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Naira by applying to the foreign currency amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.

2.4 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, after deducting discounts, customer returns, VAT, volume rebates and other similar allowance. Sales are stated at their invoiced amount which is net of value added taxes and discounts.

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 ownership nor effective control over the goods sold;

- 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.

2.5 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.

2.6 Employee Benefits

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.

2.7 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 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.

2.8 Property, plant and equipment

2.8.1 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.

2.8.2 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.

2.8.3 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 year 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.

Property, plant and equipment (cont'd)

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.

2.9 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 leases - Lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amount recogniised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted

Any contingent rentals are expensed in the period 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.

2.10 Intangible assets

Intangible assets acquired separately

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 derecognised.

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 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.

Impairment of tangible and intangible assets excluding goodwill (cont'd)

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.

2.11 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.

2.12 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.

Where 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.

If Company has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a 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.

2.12.1 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.

2.13 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.

Classification

The Company classifies financial assets into the following specified categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets

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.

Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments.

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability (debt) or an equity instrument in accordance with the substance of the contractual arrangement.

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.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses recognised in profit or loss include interest.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

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.

Financial instrucments designated as 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.

2.13 Financial instruments

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.

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.

The derecognises financial liabilities when, and only when the 0.73 billion 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 0.74 billion.

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.

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.

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.

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;
- it is a derivative that is not designated and effective as a hedging instrument.

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.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

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.

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2.14 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.

2.15 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.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related cost is recongnised as income of the period in which it becomes receiveable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial postion by setting up the grant as deferred income or by income or by deducting the grant in arriving at the carrying amount of the asset.

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. Critical accounting judgements and key sources of estimation uncertainity

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.

3.1 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.

3.2 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.

3.3 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.

4. New Standards and Interpretations

4.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2018 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.
It is unlikely that the amendment will have a material impact on the company's financial statements.

Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.
The effective date of the standard is for years beginning on or after January 1, 2021.

The company expects to adopt the standard for the first time in the 2021 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after January 1, 2019.

The company expects to adopt the interpretation for the first time in the 2019 financial statements.

It is unlikely that the interpretation will have a material impact on the company's financial statements.

IFRS 16 Leases

FRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.

The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.

The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.

Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

IFRS 16 Leases (Continued)

Company as lessor:

Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.

If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16

If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after January 1, 2019.

The company expects to adopt the standard for the first time in the 2019 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle

An entity such as a venture capital organisation, mutual fund or similar institution may elect to measure investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 rather than by applying the equity method. The amendment to IAS 28 Investments in Associates and Joint Ventures now specifies that the election must be made separately per associate or joint venture and at the time of initial recognition of such investment.

Further, if an entity is not an investment entity, but has interests in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement of the associate or joint venture. The amendment now provides that such election must be made separately for each investment entity associate or joint venture.

The effective date of the amendment is for years beginning on or after January 1, 2018.
The company expects to adopt the amendment for the first time in the 2018 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle

The amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards deleted certain short term exemptions concerning disclosures of financial assets, employee benefits and investment entities from IFRS 1.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2018 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Transfers of Investment Property: Amendments to IAS 40

The amendment deals specifically with circumstances under which property must be transferred to or from investment property. The amendment now requires that a change in use of property only occurs when the property first meets, or ceases to meet, the definition of investment property and that there is evidence of a change in use. The amendment specifies that a change in management's intentions for use of the property, do not, in isolation, provide evidence of a change in use.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2018 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Foreign Currency Transactions and Advance Consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after January 1, 2018.
The company expects to adopt the interpretation for the first time in the 2018 financial statements.
It is unlikely that the interpretation will have a material impact on the company's financial statements.

Amendments to IFRS 4: Insurance Contracts

The amendment provides a temporary exemption that permits, but does not require, insurers, under specified criteria, to apply IAS 39 Financial Instruments: Recognition and Measurement, rather than IFRS 9 Financial Instruments for annual periods beginning before 1 January 2021. The exemption is only available provided the insurer has not previously applied any version of IFRS 9 (with some exceptions) and that the activities are predominantly connected with insurance.

A further exemption has been provided from IAS 28 Investments in Associates and Joint Ventures. In terms of the exemption, an insurer is exempt from applying uniform accounting policies when applying the equity method, insofar as the IAS 39/IFRS 9 exemption is applied. Thus, the relevant accounting policies of the associate or joint venture are retained if the entity applies the IFRS9/IAS 39 exemption and the associate or joint venture does not apply the exemption, or visa versa.

The amendment further permits, but does not require, insurers to apply the "overlay approach" to designated financial assets when it first applies IFRS 9. The overlay approach requires the entity to reclassify between profit or loss and other comprehensive income, an amount which results in the profit or loss of the designated financial assets at the end of the reporting period being equal to what it would have been had IAS 39 been applied to the designated financial assets.

Additional disclosures are required as a result of the amendment.
The effective date of the amendment is for years beginning on or after January 1, 2018.
The company expects to adopt the amendment for the first time in the 2018 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements because the Company is not in business of insurance.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendment to IFRS 4 provides a temporary exemption, allowing insurers to apply IAS 39 rather than IFRS 9. The exemption only applies in certain circumstances and only for annual periods beginning before 1 January 2021.

The exemption also introduces an "overlay approach" in specific circumstances. This approach requires the insurer to reclassify an amount between other comprehensive income and profit or loss. This results in the profit or loss for designated financial assets being the same as if the insurer had applied IAS 39 rather than IFRS 9.
The effective date of the amendment is for years beginning on or after January 1, 2018.
The company expects to adopt the amendment for the first time in the 2017 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendment now specifies the treatment of vesting and non-vesting conditions with regards to cash-settled share-based payment transactions. The treatment is essentially similar to the treatment of such conditions for equity-settled share-based payment transactions. That is, non-market vesting conditions are taken into consideration when estimating the number of awards which are expected to vest (and which ultimately vest), while market conditions and other non-vesting conditions are taken into consideration when determining the fair value of the share based payment liability, both initially and subsequently.

The amendment also provides for share-based payment transactions with a net settlement feature for withholding tax obligations. Essentially, where the entity is required to withhold part of the equity instruments equal to the tax obligation, the entity is required to account for the payment to tax authorities as a reduction in equity, except to the extent that the payment exceeds the fair value of the equity instruments withheld at net settlement date. The entity should also disclose the amount that it expects to transfer to tax authorities in terms of such transactions.

The amendment further provides guidance in terms of modifications which convert cash-settled share-based payment transactions to equity -settled share-based payment transactions. For such modifications, the equity-settled share based payment transaction is measured by reference to the fair value of the equity instruments granted at modification date, to the extent to which goods or services have been received. The liability for cash-settled share based payment transactions is derecognised on the modification date. Any difference between the two is recognised immediately in profit or loss.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2017 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after January 1, 2018.
The company expects to adopt the amendment for the first time in the 2018 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company has adopted the new standard on the required effective date and will not restate comparative information. During 2017, the Company has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018. Overall, the Company expects no significant impact on its statement of financial position and equity.

The Company expects an insignificant decrease in the loss allowance resulting in an impact on equity as discussed below.

(a) Classification and measure:

The Company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

Bank balances, trade receivables as well as other receivables that qualify as financial instruments under IFRS 9 are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment:

IFRS 9 requires the Company to record expected credit losses on all of its' for all its instruments to be measured at amortized cost or fair value through OCI within the scope of IFRS impairment, either on a 12-month or lifetime basis.

The Company will apply the simplified approach and record lifetime expected losses on all trade receivables and similar assets.

The Company has estimated its loss allowance under the expected credit loss model and determined that the impact of IFRS 9 impairment on its financial statements based on the receivables exposure as at 31 December 2017 is insignificant.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Identify the contract(s) with a customer
Identify the performance obligations in the contract
Determine the transaction price
Allocate the transaction price to the performance obligations in the contract
Recognise revenue when (or as) the entity satisfies a performance obligation.

Impact analysis.

The Company plans to adopt the new standard on the required effective date using the Modified approach. Based on the impact assessment carried out in 2017, The Company has explained below the potential impact of adoption of the standard, although the directors are still assessing the full impact on the financial statements. The below preliminary assessment is subject to change when the complete impact assessment is completed.

Impact of adoption

a. Performance Obligations

Under IFRS 15, the Company is required to identify the performance obligations in each contract and allocate transaction price based on the identified performance obligation. Distinct good or service is identified when customers can enjoy the benefit from the good or service on its own or together with other readily available resources and the good or service separately identifiable from other promises in the contract.

This has no current impact on the financial statement and potentially will have no impact as contractual terms are being reviewed and updated to reflect single performance obligation.

b. Right of return

Under IFRS 15, because the contract allows the customer to return the products, the consideration received from the customer is variable. Although the Company grants customers right of return, the Company has assessed the impact of the returns on revenue as insignificant on a portfolio basis. However, the Company expects to provide detailed disclosure of the judgements exercised in adopting a portfolio approach in its 2018 financial statements.

c. Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the financial statements. However, this will have no material impact on the Company's financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018. In addition, as required by IFRS 15, the Company will disaggregate revenue recognised.

The effective date of the standard is for year beginning on or after January 1, 2018.
The company expects to adopt the standard for the first time in the 2018 financial statements.
It is unlikely that the standard will have a material impact on the company's financial statements.

Notes to the Financial Statements
For the period ended March 31, 2018

5. Revenue

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

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Revenue from sales (Note 5.1)	5,707,775	5,589,868	23,205,584
Freight income	1,060,456	871,304	3,858,741
	6,768,231	**6,461,172**	**27,064,325**

5.1 The amount represents revenue realised during the period on the sale of Edible, Refined, Bulk and Industrial Salt as well as Seasoning, Tomato Paste and Vegetable Oil.

5.2 None of the customers contributed up to 10% of the total revenue earned in the period ended March 31, 2018

Other customers include leading blue chip companies in Nigeria, such as manufacturers of confectioneries, seasonings, refined edible oil, processed leather, noodles and oil refineries . They buy industrial salts of different grades and specifications.

5.3 The company provides freight services to customers by transporting Salt, Tomato Paste and Vegetable Oil purchased to their destinations. Freight income represents revenue earned and associated cost of running the freight services are rendered in cost of sales.

Distributors

The Company sells it products directly to distributors who redistribute to small wholesalers, confectioners, supermarkets and retailers. Salt retail packs come in various sizes 250g, 500g and 1kg and are sold under the brand name DANGOTE REFINED SALT. Seasoning are sold under the brand name DANQ, Tomato Paste sold as DANGOTE TOMATO PASTE and Vegetable Oil sold as DANGOTE VEGETABLE OIL.

6. Segmental information

The company has identified year reportable segments which represent the structure used by the Management to make key operating decisions and assess performance.

The company's reportable segments are treated as operating segments which are differentiated by the activities that each undertake, the products they manufacture and the markets they operate in.

Segmental revenue and results

The Management assesses the performance of the operating segments based on the measure of EBITDA. This measure excludes the effects of non-recurring expenditure from the operating segments such as restructure costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to operating segments, as this type of activity is driven by the central treasury function. The results of discontinued operations are not included in the measure of EBITDA. This measure is consistent with all prior periods which are presented.

Transactions within the company take place at arms length.

Geographical Information

The company's revenue from customers by region of operations is listed below:

	31-03-2018	31-03-2017	31-12-2017
	N'000	N'000	N'000
EAST	569,943	480,791	2,297,150
WEST	1,466,964	2,444,559	5,697,629
NORTH	4,731,324	3,535,822	19,069,546
	6,768,231	6,461,172	27,064,325

Notes to the Financial Statements
For the period ended March 31, 2018

7. Cost of Sales

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Direct material cost	2,981,435	3,069,167	10,148,410
Direct labour cost	217,534	208,913	886,686
Manufacturing Expenses	266,835	219,769	1,170,956
External Haulage	778,154	895,351	3,285,123
Depreciation	428,598	287,589	1,471,697
Loading	25,738	28,486	107,438
	4,698,294	**4,709,275**	**17,070,310**

8. Investment income

Interest income:			
Bank deposits	122	133	671
Fixed deposits	132,299	51,867	309,776
Treasury Bills (Note 21)	21,682	-	44,298
	154,103	**52,000**	**354,745**

The interest income on bank deposits were earned at the average rate of 2018: 12% (2017: 12.5%) per annum.

9. Other Income

Sale of scrap	49	611	1,292
Insurance Claim	4,085	-	10,004
	4,134	**611**	**11,296**

10. Operating Expenses

10.1 Distribution Expenses

Market activation	60,960	42,495	177,772
Marketing expenses	128,867	111,928	426,946
	189,827	**154,423**	**604,718**

NASCON ALLIED INDUSTRIES PLC

Notes to the Financial Statements
For the period ended March 31, 2018

10.2 Administrative Expenses

	Notes	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Administrative and management fees		25,322	23,146	90,839
Auditors remuneration		6,650	4,350	17,400
Provision for bad debts		-	-	42,454
Bank charges		8,401	5,127	30,513
Cleaning		1,990	1,257	21,330
Consulting and professional fees		11,677	10,344	25,551
Depreciation	16	60,494	48,260	208,551
Amortisation	17	-	20,102	47,374
Directors' remuneration		48,785	50,879	170,744
Employee costs		200,503	148,826	671,412
Entertainment		3,350	2,023	13,599
Business development		2,135	2,699	18,194
Insurance		10,782	8,627	27,431
Rent and rates		2,082	3,592	10,584
Petrol and oil		4,146	3,749	15,150
Printing and stationery		2,107	2,673	14,224
Loss on sale of assets		-	-	1,868
Repairs and maintenance		7,020	6,984	39,135
Secretarial fees		18,437	17,499	110,098
Security		3,036	5,233	23,911
Staff welfare		19,725	6,268	51,141
IT & communication cost		27,212	25,671	82,224
Travel expenses		12,072	7,462	40,010
		475,926	**404,771**	**1,773,737**

11. Finance Cost

Finance charges	-	72,113	72,113
	-	**72,113**	**72,113**

12. Profit before tax for the year from continuing operations

Profit before tax for the year is arrived after charging the following:

	Notes	31-03-2018	31-03-2017	31-12-2017
Depreciation expense	16	489,094	335,849	1,680,248
Amortisation expense	17	-	20,102	47,374
Management fee		25,322	23,146	90,839
Director's remuneration		48,785	50,879	170,744
Consulting and professional fees		11,677	10,344	25,551
Staff cost		418,037	357,739	1,558,098
Auditor's remuneration		6,650	4,350	17,400

NASCON ALLIED INDUSTRIES PLC

Notes to the Financial Statements
For the period ended March 31, 2018

13. Taxation

Income tax recognised in profit or loss

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Current tax			
Current tax expense	468,726	351,960	1,805,645
Education tax	31,248	23,464	192,131
	499,975	375,424	1,997,776
Deferred tax			
Deferred tax expense	-	-	568,120
Total income tax recognised in current year	499,975	375,424	2,565,896

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004, the Education Tax Act CAP E4, LFN 2004. Corporation tax and education tax is calculated at 30 % and 2% respectively of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

The income tax expense for the year can be reconciled to the accounting profit as

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Profit before tax from continuing operations	1,562,421	1,173,201	7,909,488
Income tax expense calculated at 30% (2017: 30%)	468,726	351,960	2,372,846
Education tax assessable at 2% of assessable profit	31,248	23,464	192,131
Effect of concessions (reseacrch and development and other allowances)	-	-	(10,133)
Additional assessment from tax audit	-	-	11,351
Effect of non - taxable expenses	-	-	(299)
	499,975	375,424	2,565,896

Current tax assets and liabilities

Current tax liabilities in the statement of financial position

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Balance, beginning of the year	1,985,375	872,225	872,225
Charge for the year	499,975	375,424	1,997,776
Payment made during the year.	-	-	(884,626)
Balance, end of the year	2,485,350	1,247,649	1,985,375

14. Deferred tax balance

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Deferred tax liability	(1,820,647)	(1,247,743)	(1,820,647)
Deferred tax asset	108,646	103,861	108,646
	(1,712,001)	(1,143,882)	(1,712,001)

Movement in deferred tax payable account

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Balance, beginning of the year	1,712,001	1,143,882	1,143,882
Charge for the year	-	-	568,120
Balance end of March 31, 2017	1,712,001	1,143,882	1,712,002

Deferred tax as at December 31, 2017 relating to property, plant & equipment was as a result of differences between the rates of depreciation adopted for accounting purposes and the rates of capital allowances granted for tax purposes.

Analysis of deferred tax is made up of:

	Opening balance	Recognized in profit or loss	Recognised in Other Comprehensive Income	Closing balance
3/31/2018				
Deferred tax (asset) or liability in relation to:				
Property, plant and equipment	1,820,647		-	1,820,647
Allowance for doubtful debt	(108,646)		-	(108,646)
	1,712,001	**-**	**-**	**1,712,001**
12/31/2017				
Deferred tax asset or liability in relation to:				
Property, plant and equipment	1,247,742	572,905	-	1,820,647
Allowance for doubtful debt	(103,861)	(4,785)	-	(108,646)
	1,143,881	**568,120**	**-**	**1,712,001**

15. Earnings per share

	31-03-2018 N'000	31-12-2017 N'000
Profit or loss for the period attributable to the equity holders of the company	1,062,446	5,343,592
Weighted average number of ordinary shares as at March 31, 2018 ('000)	2,649,438	2,649,438
Basic earnings per share From continuing operations (kobo per share)	**160**	**202**

16. Property Plant and equipment

	FREEHOLD LAND & 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
COST:								
Balance at January 1, 2018	1,416,566	5,156,184	400,560	7,081,678	117,744	127,703	329,325	14,629,760
Additions	3,189	7,056	8,610	155,856		803	36,066	211,580
Disposal				(22,778)				(22,778)
Reclassification		25,539					(25,539)	-
Adjustments								-
Balance at March 31, 2018	**1,419,755**	**5,188,779**	**409,170**	**7,214,756**	**117,744**	**128,506**	**339,852**	**14,818,562**
Accumulated depreciation and impairment								
Balance at January 1, 2018	135,669	1,758,299	142,347	3,007,363	84,479	82,398	-	5,210,555
Depreciation expense	7,063	88,212	23,949	360,800	5,135	3,936	-	489,094
Eliminated on disposal				(22,778)			-	(22,778)
Balance at March 31, 2018	**142,732**	**1,846,511**	**166,296**	**3,345,385**	**89,614**	**86,334**	**-**	**5,676,871**
Carrying amount								
Balance at March 31, 2018	**1,277,024**	**3,342,268**	**242,874**	**3,869,371**	**28,130**	**42,172**	**339,852**	**9,141,691**
At 31 December 2017	**1,280,897**	**3,397,885**	**258,213**	**4,074,315**	**33,265**	**45,305**	**329,325**	**9,421,041**

16.1 Work-in-progress

Work-in-progress comprises amounts expended on Vegetable Oil tank farm in Apapa

16.2 Adjustments to capital work in progress

No adjustment during for the period ended March 31, 2018

16.3 Assets pledged as security

None of the company's assets were pledged as security for any liabilities as at March 31, 2018 (2017:Nil).

16.4 Impairment Assessment

There was no impairment loss or gain recongnised as at March 31, 2018 (2017: Nil).

17. Intangible Assets

Cost	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
At January 1, 2018	281,429	281,429	281,429
Additions	-	-	-
Balance at March 31, 2018	281,429	281,429	281,429
Amortization			
At January 1, 2018	281,429	234,055	234,055
Amortization expenses	-	20,102	47,374
Balance at March 31, 2018	281,429	254,157	281,429
Carrying amount			
Balance at March 31, 2018	-	27,272	-

Intangible asset (computer software) represents software which has a useful life of 3 years and amortized on a straight line basis over the year.

18. Other assets

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Prepayments:			
Rent	66,976	87,946	24,251
Insurance	13,132	9,180	1,425
Medical	-	-	9,354
Deposit for import	3,650,314	3,617,670	2,103,156
	3,730,422	**3,714,796**	**2,138,186**
Current	3,730,422	3,709,283	2,136,348
Non-current	-	5,513	1,838
	3,730,422	**3,714,796**	**2,138,186**

19. Inventories

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Raw materials	1,457,578	1,403,232	1,851,369
Finished goods	204,607	431,971	237,716
Spare parts and consumables	442,698	193,652	491,044
Packaging Materials	413,172	474,687	384,707
Oil and Lubricants	63,620	59,339	51,951
	2,581,675	**2,562,881**	**3,016,787**

19.1 Inventory pledged as security

No inventory was pledged as security for any liability.

NASCON ALLIED INDUSTRIES PLC

Notes to the Financial Statements
For the period ended March 31, 2018

20. Trade and other receivables

	Notes	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Receivables		508,375	300,523	585,116
Impairment for bad debts		(12,688)	(12,688)	(12,688)
		495,687	287,835	572,428
Amounts due from related parties	34	4,911,231	6,434,682	4,390,775
Employee loans and advances		146,832	131,847	30,018
Other receivables		704,335	153,086	610,319
		6,258,085	**7,007,450**	**5,603,540**

20. 1 Other receivables

Other receivables include:			
Advance to vendors	702,491	153,086	549,512
Interest income receivable	44,298	-	103,261
Provision for doubful debt	(42,454)	-	(42,454)
	704,335	**153,086**	**610,319**

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

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 judgment 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.

Trade receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality.

20.1 Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Movement in allowance for doubtful debt

At January 1, 2018	12,688	12,688	12,688
Additions	-	-	-
Allowance written off	-	-	-
Reclassified to inter-company balance	-	-	-
At March 31, 2018	**12,688**	**12,688**	**12,688**

20.2 Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. There was nothing past due nor impaired as at March 31, 2018 as well as 2017.

The aging of amounts past due but not impaired is as follows:

0-30 Days	467,270	220,054	483,332
31-60 Days	26,583	57,529	76,030
61-90 Days	1,834	10,252	13,066
Total	495,687	287,835	572,428

Trade and Other receivables impaired

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The aging of these receivables is as follows:

360 + days	12,688	12,688	12,688
	12,688	12,688	12,688

NASCON ALLIED INDUSTRIES PLC

Notes to the Financial Statements
For the period ended March 31, 2018

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
21. Other financial asstes			
Short term investments	468,791	-	468,791
	468,791	-	468,791
22. Cash and bank balances			
Cash on hand	6,912	6,449	7,495
Bank balance	9,754,367	3,976,524	9,469,245
	9,761,279	3,982,973	9,476,740
23. Share capital			
Authorised share capital:			
4,000,000,000 ordinary shares of 50kobo each	2,000,000	2,000,000	2,000,000
Issued and fully paid:			
2,649,438,378 ordinary shares of 50kobo each	1,324,719	1,324,719	1,324,719
	1,324,719	**1,324,719**	**1,324,719**
24. Share Premium			
1995 :Rights issue 65,846,667 ordinary shares of 50k each at 2.84 premium	156,793	156,793	156,793
2007: Share Conversion	404,303	404,303	404,303
Less Deferred charges written off	(127,059)	(127,059)	(127,059)
	434,037	**434,037**	**434,037**
25. Retained earnings			
At January 1, 2018	9,776,456	6,287,470	6,287,471
Dividend declared and paid	-	-	(1,854,607)
Profit for the year	1,062,446	797,777	5,343,592
	10,838,902	**7,085,247**	**9,776,456**

26. Dividend

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Summary			
At 1 January	-	-	-
Dividend declared	-	-	(1,854,607)
	-	-	(1,854,607)
Payments - Meristem Registrars	-	-	1,854,607
At March 31, 2018	-	-	-

27. Borrowings

Held at amortised cost:

Government grant	**38,570**	**38,570**	**38,570**

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.

28. Retirement benefit obligation

28.1 Movement in gratuity

Balance as at January 1, 2018	222,134	249,635	249,635
Current Service cost	-	-	-
Benefits paid out	(14,488)	(8,497)	(27,501)
Balance as at March 31, 2018	**207,646**	**241,138**	**222,134**

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 eliminate the scheme effective January, 2013. The balance as at March 31, 2018 represent what is owned to staff who are still in the service from the old scheme.

As at March 31, 2018 no fund has been set up from which payments can be disbursed.

28.2 Defined contribution plans

The employees of the company are members of Pension plan administered under the Pension Reform Act of 2014. 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 2014 with the employee and employer contribution representing 8% and 10% respectively of the employee's relevant emoluments effective July 2014

	Notes	31-03-2018	31-03-2017	31-12-2017
Staff pension		**N'000**	**N'000**	**N'000**
At January 1, 2018		-	8,317	8,317
Contributions during the year		29,899	25,069	135,078
Remittance in the year		(29,899)	(33,202)	(143,395)
At March 31, 2018		**-**	**184**	**-**

The only obligation of the company with respect to the pension scheme is to make the specified contributions. The total expense recognised in profit or loss of N16.68m represents contributions payable to this plan by the company as at March 31, 2018.

29. Trade and other payables

	Notes	N'000	N'000	N'000
Trade Payables		674,168	811,944	440,663
Amounts due to related parties	34	11,290,530	8,770,144	11,270,430
Other creditors and accruals		1,363,365	2,343,882	1,168,054
Accrued audit fees		12,050	4,350	5,800
Customers deposit	29.1	1,095,713	1,520,223	1,186,993
Unclaimed dividend		433,433	-	468,791
Withholding tax payable		12,700	17,907	18,181
Other payables		-	-	22,401
Staff pension	28.2	-	184	-
Value added tax		18,759	31,151	48,642
		14,900,718	**13,499,785**	**14,629,955**

29.1 Customer's deposit

New deposits	1,095,713	1,520,223	1,186,993
At March 31, 2018	**1,095,713**	**1,520,223**	**1,186,993**

Customers' deposits relate to amount deposited by customers for which delivery has not been made during the period.

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.

NASCON ALLIED INDUSTRIES PLC

Notes to the Financial Statements
For the period ended March 31, 2018

30. Reconciliation of net income to net cash provided by operating activities

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Profit after tax	1,562,421	1,173,201	7,909,488
Adjustments for			
Depreciation	489,094	335,849	1,680,248
Amortisation of intangible assets	-	20,102	47,374
Loss on sale of assets	-	(204)	1,868
Investment income	(154,103)	(52,000)	(354,745)
Finance costs	-	72,113	72,113
Allowance for doubtful debt	-	-	(42,454)
PPE Adjustment (Note 19)	-	20,630	55,682
Changes in working Capital:			
Inventory	435,112	157,351	(296,555)
Trade and other receivables	(654,545)	3,171,302	4,617,667
Other assets	(1,592,238)	(896,643)	679,967
Trade and other payables	270,763	(752,944)	377,227
Retirement benefit obligation	(14,488)	(8,497)	(27,501)
Total adjustments	**(1,220,405)**	**2,067,059**	**6,810,891**
Net cash provided by operating activities	**342,016**	**3,240,260**	**14,720,379**

31. Categories of financial instruments

Assets			
Trade and other receivables	6,258,085	7,007,450	5,603,540
Cash and cash equivalents	9,761,279	3,982,973	9,476,740
	16,019,364	**10,990,423**	**15,080,280**
Liabilities			
Trade and other payables	14,900,718	13,499,785	14,629,955
	14,900,718	**13,499,785**	**14,629,955**

32. Risk management

32.1 Capital Risk Management

The capital structure of the company consists of net debt (which includes the borrowings disclosed in note 26, offset by 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 monitors its capital structure to ensure that the target debt equity ratio as stated in its debt covenants is not exceeded. The company is not subject to any externally imposed capital requirements.

32.2 Gearing ratio

The Company is minimally geared for the reporting and comparative years.

32.3 Financial risk mangement

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.

32.4 Foreign currency financial and credit risk

The company is exposed to market, credit 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 underpinned 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.

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company is mainly exposed to USD. It monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company’s income or value of their holdings of financial instruments.

32.5 Sensitivity analysis for interest rate

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 at the reporting date. Its cash and cash equivalents with financial institutions have fixed interest rates.

32.6 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 guarantee, 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.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

About 91% of the trade receivables are due from Bulk Commodities Limited, a related party, for rebate on purchase of Salt. 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 analyzed at each reporting date on an individual basis for corporate and individual customers.

The maximum exposure to credit risk at the reporting date was:

	31-03-2018 N'000	31-03-2017 N'000
Trade Receivables	495,687	287,835
Other Receivables	851,167	284,933
Cash and cash equivalents	9,761,279	3,982,973
	11,108,133	**4,555,741**

32.7 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 minimize the concentration of risks and therefore mitigate financial loss through the potential counterparty's failure.

32.8 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.

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 Company 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 Company may be required to pay.

At March 31, 2018	0-3 months N'000	3-6 months N'000	Total N'000
Financial liabilities			
Trade payables	674,168	-	674,168
Other payables	2,483,828	452,192	2,936,020
Due to related parties	2,038,824	9,117,074	11,155,898
Borrowings		38,570	38,570
	5,196,820	**9,607,836**	**14,804,656**

At December 31, 2017	0-3 months N'000	3-6 months N'000	Total N'000
Financial liabilities			
Trade payables	413,013	27,650	440,663
Other payables	2,462,073	456,789	2,918,862
Due to related parties	4,490,110	6,780,320	11,270,430
Borrowings	-	38,570	38,570
	7,365,196	**7,303,329**	**14,668,525**

33. Fair value Information

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	
	31-03-2018 N'000	31-03-2017 N'000	31-03-2018 N'000	31-03-2017 N'000
Financial Asset				
Trade and other receivables	6,258,085	7,007,450	6,258,085	7,007,450
Cash and cash equivalents	9,761,279	3,982,973	9,761,279	3,982,973
Financial Liabilities				
Trade and Other Payables	14,900,718	13,499,785	14,900,718	13,499,785
Employee Benefit	207,646	241,138	207,646	241,138
Government Grant	38,570	38,570	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.

Notes to the Financial Statements
For the period ended March 31, 2018

34. Related parties

	31-03-2018 N'000	31-03-2017 N'000	31-12-2017 N'000
Intercompany receivables			
Dangote Pasta Limited	7,918	7,918	7,918
Dangote Sugar Refineries	-	72,906	13,250
Dangote Noodles Limited	5,044	5,078	5,044
Dangote Cement - Ibeshe	4,306	7,821	2,206
Dangote Cement - Gboko	3,150	4,320	4,320
Dangote Flour	3,000	-	-
Dangote Head office	-	-	5,118
West African Popular Foods	62,243	124,486	62,243
Bulk Commodities Ltd	4,887,813	6,274,396	4,352,919
Provision for doubtful related party receivables	(62,243)	(62,243)	(62,243)
	4,911,231	**6,434,682**	**4,390,775**
Intercompany payables			
Parent and ultimate controlling party			
Dangote Industries Limited (Parent)	2,905,280	1,448,796	3,843,262
Other related party payables			
Green view Development Company Limited	-	-	7,220
Dangote Sugar Refineries	4,780	-	-
Dangote Flour	-	-	19,108
Dansa Foods Limited	300	300	300
Dangote Cement	24,194	24,194	24,194
Agrosack Ltd	54,023	125,720	33,271
Dangote Transport	22,962	22,962	22,962
Dangote Head office	2,441,702	2,936,922	2,514,113
Benue Cement	77,602	81,922	81,922
Benue Cement-Truck scheme	54,398	54,398	54,398
DANCOM	1,451	1,451	1,451
Central TPT Parts Store	134,632	120,610	75,977
Dangote Refinery	14,711	-	14,711
Bulk Commodities Ltd	5,554,495	3,952,869	4,577,541
Provision for doubtful related party receivables	-	-	-
	8,385,250	**7,321,348**	**7,427,168**
	11,290,530	**8,770,144**	**11,270,430**

Notes to the Financial Statements
For the period ended March 31, 2018

Identity of related parties

Related parties	**Nature of related party transactions**
Greenview International Corporation	Ultimate holding company
Dangote Transport Limited	Fellow subsidiary company -- provides haulage services
Dangote Sugar Refinery Plc.	Fellow subsidiary company -- buys crude salt and also provide warehouse facility for which NASCON pays rent
Dansa Foods Limited	An entity controlled by a key management personnel of the Company that has trading relationship with the Company.
Dangote Flour Mills Plc.	Fellow subsidiary
Dangote Pasta Limited	Fellow subsidiary - NASCON provides haulage services
Dangote Industries Limited	Parent company -- provides management support
Dangote Noodles Limited	Fellow subsidiary company -- buys Table salt
Dangote Agrosacks	Fellow subsidiary -- Supplies empty sacks for bagging finished salt
Green view Development Company	Fellow subsidiary
Benue Cement	Fellow subsidiary-NASCON buys trucks
DANCOM	Fellow subsidiary-Service provider for IT services
Dangote Cement Plc.	Fellow subsidiary company that buys crude salt
Obajana Cement	Fellow subsidiary -NASCON provides haulage services
Bulk Commodities	Fellow subsidiary (Agent for
Dangote Foundation	Fellow subsidiary
West African Popular Foods	JV involving parent company (Sales of salt Annapurna Salt)
Central TPT Parts Store	Fellow subsidiary (Sales of spares for trucks)

Information regarding Director and employees

35. Directors

	31-03-2018 N'000	**31-03-2017 N'000**	**31-12-2017 N'000**
Director's emoluments comprise:			
Fees	5,125	5,125	17,457
Others	43,660	45,754	153,287
	48,785	**50,879**	**170,744**

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

N'000	**Number**	**Number**	**Number**
0 - 10,000	8	8	8
10,001 -20,000	-		-
20,001 -30,000	-	-	-
30,001 and above	2	2	2
	10	**10**	**10**

NASCON ALLIED INDUSTRIES PLC

Notes to the Financial Statements
For the period ended March 31, 2018

36. Employees

Number of employees in receipt of emoluments excluding allowances and pension costs within the following ranges were:

N'000	31-03-2018	31-03-2017	31-12-2017
	Number	**Number**	**Number**
0 - 5000	525	476	530
5000 -10000	17	13	17
	542	**489**	**547**

Average number of employees employed during the year:

	31-03-2018	31-03-2017	31-12-2017
	Number	**Number**	**Number**
Management	41	29	40
Senior Staff	174	123	170
Junior Staff	327	337	337
Total	**542**	**489**	**547**

Aggregate payroll costs:	31-03-2018	31-03-2017	31-12-2017
Wages, salaries, allowances and other benefits	401,356	301,886	1,558,098
Pension cost	16,681	13,852	54,002

37. Capital commitments

The Company's total capital commitments as at March 31, 2018 amounted to N.034 billion in respect of purchase of raw salt and Seasoning material (2017: N0.33 billion).

38. Contingent assets and Contingent liabilties

38.1 Pending litigation and claims.

There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal conusels. The contingent liabilities in respect of pending litigation and claims amounted to N17.1million as at March 31, 2018 (2017 - 17.1 million). In the opinion of the Directors and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claim, thus no provision has been made in these financial statements.

38.2 Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

39. Approval of financial statements

The board approved the financial statements during its meeting of April 30, 2018