



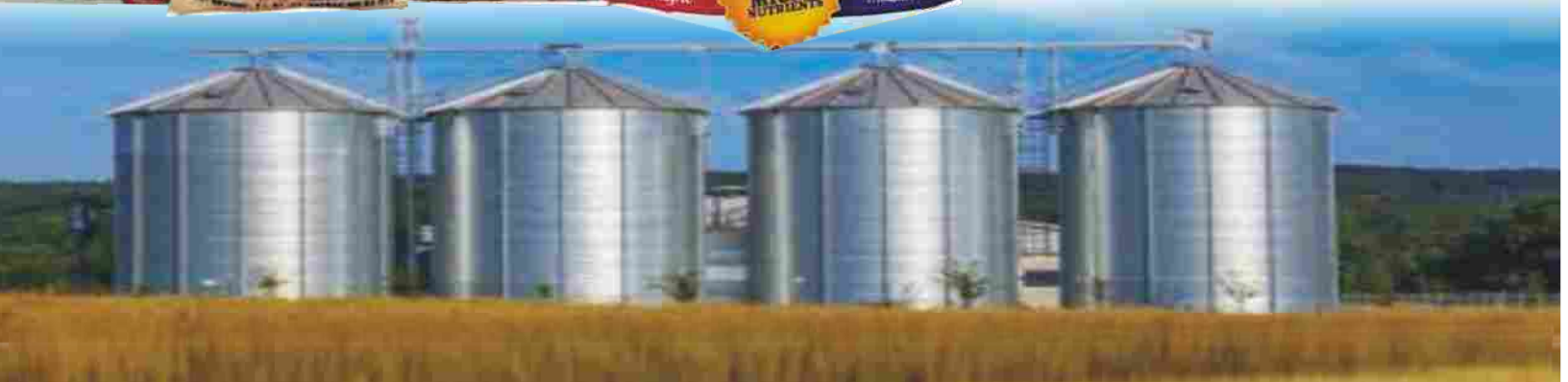
**Tiger Brands**



**TIGER BRANDED CONSUMER GOODS PLC**

# 2015

Annual Report & Accounts



---

## *Vision*

*To be a world class enterprise that  
is passionate about the quality of  
life of the general populace and  
giving high returns to stakeholders.*

## *Mission*

*Touch the lives of people by  
providing their basic needs.*

---

# Contents

Notice of 10th Annual General Meeting	3
Corporate Information	4
Financial Highlights	5
Chairman's Statement	6
Board of Directors	8
Report of the Directors	10
Corporate Governance Report	15
Statement of Director's Responsibilities	21
Report of the Audit Committee	22
Report of the Independent Auditors	23
Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income	24
Consolidated and Separate Statements of Financial Position	26
Consolidated and Separate Statements of Changes in Equity — Group	27
Consolidated and Separate Statements of Changes in Equity — Company	28
Consolidated and Separate Statements of Cash Flows	29
Notes to the Consolidated and Separate Financial Statements	30
Consolidated Statement of Value Added — Group	71
Consolidated Statement of Value Added — Company	72
Five Years Financial Summary — Group	73
Five Years Financial Summary — Company	74
Shareholders Structures/Data on Unclaimed Dividends	75
E-Dividend Mandate Form	77
Proxy Form	79







# Notice of 10th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 10TH ANNUAL GENERAL MEETING OF TIGER BRANDED CONSUMER GOODS PLC. will hold at MUSON CENTRE, 8/9, Marina, Onikan, Lagos, Lagos State, on Thursday, 7th April, 2016 at 11:00 a.m. prompt to transact the following business:

## ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the year ended 30 September 2015 together with the reports of the Auditors, the Directors and the Audit Committee thereon;
2. To elect/re-elect Directors;
3. To re-appoint the Auditors;
4. To authorize the Directors to fix the remuneration of the Auditors;
5. To appoint the members of the Audit Committee.

## SPECIAL BUSINESS

6. To consider and if thought fit, pass the following as Special Resolutions:
  - (i) "That in accordance with Section 31(3) of the Companies and Allied Matters Act, CAP 20 Laws of the Federation of Nigeria, 2004, the name of the Company, '**TIGER BRANDED CONSUMER GOODS PLC**' be and is hereby changed to '**DANGOTE FLOUR MILLS PLC**'".
  - (ii) "That the Memorandum and Articles of Association of the Company be and are hereby amended by the substitution of the new name 'Dangote Flour Mills Plc' wherever 'Tiger Branded Consumer Goods Plc' appear."
7. To consider and if thought fit, pass the following as a Special Resolution;  
"That the Directors having so recommended, the financial year of the Company be and is hereby changed from October to September of the following year to January to December of each year. The end of the first new financial year being December, 2016 having a fifteen month period."

## PROXY

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A proxy for an organization may vote on a show of hands and on a poll. For the appointment to be valid, a completed Proxy Form must be deposited at the registered office of the Company or with the Registrar not later than 48 hours before the time fixed for the meeting.

## NOTES

1. **CLOSURE OF REGISTER AND TRANSFER BOOKS**  
NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed on Wednesday, 23rd March, 2016 to Friday, 25th March, 2016 both days inclusive.
2. **AUDIT COMMITTEE**  
In accordance with Section 359(5) of the Companies and Allied Matters Act, C20 Laws of the Federation of Nigeria, 2004, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the Annual General Meeting.

BY ORDER OF THE BOARD



**AISHA LADI ISA (MRS)**

*Company Secretary/Legal Adviser*

Dated this 1st day of February, 2016

**TIGER BRANDED CONSUMER GOODS PLC.**

Terminal 'E'

Greenview Development Building (2nd Floor)

Apapa Wharf,

Apapa, Lagos,

Nigeria.

aisha.isa@dangote.com



**AISHA LADI ISA (MRS)**

*Company Secretary/Legal Adviser*



# Corporate Information

## LEGAL FORM

Tiger Branded Consumer Goods Plc (formerly Dangote Flour Mills Plc) was incorporated in Nigeria on 1 January 2006. The Company is listed on the Lagos Floor of the Nigerian Stock Exchange (NSE) with the symbol “TIGERBRANDS”. The Group’s parent company is Tiger Brands Limited, which is listed on the Johannesburg Stock Exchange.

## COUNTRY OF INCORPORATION AND DOMICILE

Nigeria

## NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Milling of wheat and production of wheat products. Dangote Pasta Limited and Dangote Noodles Limited are fully owned subsidiaries of Tiger Branded Consumer Goods Plc (TBCG). TBCG produces bread flour, confectionery flour and pasta semolina.

## REGISTERED OFFICE

Terminal ‘E’  
Greenview Development Building (2nd Floor),  
Apapa Wharf  
Lagos,  
Nigeria.

## TRANSFER OFFICE

EDC Registrars Limited  
154, Ikorodu Road, Onipanu,  
Shomolu, Lagos.

## COMPANY SECRETARY

Aisha Ladi Isa (Mrs)

## AUDITORS

Akintola Williams Deloitte  
(Chartered Accountants)  
235, Ikorodu Road,  
Ilupeju, Lagos.

## BANKERS

Access Bank Plc	Guaranty Trust Bank Plc
Diamond Bank Plc	Skye Bank Plc
Ecobank Nigeria Plc	Stanbic IBTC Bank Plc
First Bank of Nigeria Plc	United Bank for Africa Plc
First City Monument Bank Plc	Zenith Bank Plc
Sterling Bank Plc	

## BOARD OF DIRECTORS

The names of Directors who were in office during the period under review are as follows:

### Executive Directors

Mr. Thabo Mabe	
Mr. Sudarshan Kasturi	
Ms Halima Dangote	— Appointed 1st March, 2016
Alh. Ahmed Shehu Yakasai	— Appointed 15th March, 2016

### Non-Executive Directors

Alh. Aliko Dangote, GCON (Chairman)	— Resigned 11th November, 2015
Mr. Olakunle Alake	— Resigned 16th November, 2015 and re-appointed 10th December, 2015
Mr. Asue Ighodalo	— Resigned 16th November, 2015 and re-appointed 10th December, 2015
Mr. Arnold Ekpe	— Resigned 16th November, 2015 and re-appointed 10th December, 2015
Mr. Ian Isdale	— Resigned 29th May, 2015
Mr. Peter Bambatha Matlare	
Mrs. Olufunke Ighodaro	— Resigned 25th February, 2016
Mr. Noel Doyle	— Resigned 25th February, 2016



# Financial Highlights

	GROUP		COMPANY	
	Year	Year	Year	Year
	ended	ended	ended	ended
	30-Sep	30-Sep	30-Sep	30-Sep
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Turnover	48,026,674	41,268,771	36,094,021	31,704,340
Loss before tax from continuing operations	(12,466,208)	(9,285,013)	(13,789,416)	(6,055,112)
Taxation	(213,097)	3,006,708	(289,378)	1,895,810
<b>Loss for the period from continuing operations</b>	<b>(12,679,305)</b>	<b>(6,278,305)</b>	<b>(14,078,794)</b>	<b>(4,159,302)</b>
Profit/(loss) from discontinued operations	—	168,797	—	—
<b>Loss for the period</b>	<b>(12,679,305)</b>	<b>(6,109,508)</b>	<b>(14,078,794)</b>	<b>(4,159,302)</b>
<b>FINANCIAL POSITION</b>				
Share Capital	2,500,000	2,500,000	2,500,000	2,500,000
Total Equity	(3,071,173)	9,608,132	(4,271)	14,074,523
<b>Per 50 kobo share data (kobo)</b>				
— Loss per share	(250.54)	(124.40)	(281.58)	(83.19)
— Dividend per share	—	—	—	—

## NOTE

On 11 December 2015, the two major shareholders of the Company, namely Tiger Brands and Dangote Industries Limited reached an agreement with respect to the sale of Tiger Brands' shareholding in the Company to Dangote Industries Limited. Approvals have been received from the Securities and Exchange Commission (SEC) and all South African Regulators. The crossover of shares on the floor of the Nigerian Stock Exchange (NSE) has been effected. The transaction envisages that sufficient capital will be injected into the Company in order to stabilise the business and place it on a sustainable path aimed at creating value for its stakeholders. More details are available in the Company's announcement dated 14 December 2015.



# Chairman's Statement



**Mr. Asue Ighodalo**  
*Chairman*

**D**istinguished Shareholders, Members of the Board of Directors, representatives of the SEC, NSE, CAC and other regulators here present, invited guests, gentlemen of the press, ladies and gentlemen, I have the pleasure to welcome you all to the 10th Annual General Meeting of Tiger Branded Consumer Goods Plc.

Please permit me to present to you an overview of the performance of your Company for the year ended 30 September 2015, the challenges which the business faced as well as the strategies adopted to respond to these challenges and the tough business environment during the year. Of significance was the devaluation of the Naira by about 28% during 2015, raising input costs and putting further pressure on margins.

Group Turnover for the year was ₦48.0 billion, a growth of 16.4% compared with the previous year. Despite the negative impact of currency devaluation, operating loss before abnormal items improved by 7.5% to ₦4.1 billion. Abnormal items of ₦4.4 billion are attributable to

exchange losses of ₦1.8 billion and impairment of excess production capacities in our Kano and Ikorodu plants up to a sum of ₦2.6 billion. Consequently, our operating loss after tax was ₦12.7 billion.

## **DIVISIONAL PERFORMANCE**

### ***Flour***

Turnover for the year was ₦36.1 billion, representing an increase of 13.8% compared to the previous year. Cost of sales dropped to 91.7% of turnover compared to 92.5% in the previous year. This resulted in a 26.1% increase in Gross Profit. There was a substantial increase in marketing investments to support the brand and the launch of new product lines for future growth.

Exceptional items comprise foreign exchange losses of ₦1.8 billion, impairment charge of ₦1.4 billion in respect of excess milling capacities and write-down of ₦4.7 billion of amounts due from subsidiaries.

### ***Pasta***

Initiatives to improve quality and operational efficiency yielded dividends in the financial year. The division recorded an impressive volume growth, improving sales turnover by 43.7% in the year under review. As a result of this and lower material cost, operating loss reduced by 45.4%.

### ***Noodles***

The Noodles business recorded a 5.0% drop in sales turnover during the year. Despite the reduction in material costs, operating loss before abnormal items worsened by 34.3% as a result of the loss in volumes.

## **THE BOARD**

Since the last Annual General Meeting, the Chairman, Alhaji Aliko Dangote resigned from the Board of Directors in November 2015. Messrs Olakunle Alake, Asue Ighodalo and Arnold Ekpe also resigned from the Board of Directors in November 2015 but were subsequently reappointed in December 2015. Ms Halima Aliko-Dangote and Alhaji Ahmed Shehu Yakasai joined the Board as Executive Directors in March 2016. These appointments will be presented for ratification at this Annual General Meeting.

Mr. Noel Doyle and Mrs Funke Ighodaro resigned from the Board due to the divestment of Tiger Brands Limited from the Company.



# Chairman's Statement

## OUR STAFF

Our staff remain our strength; they have continued to maintain productive work ethics, which has helped your Company maintain its key position in the industry with satisfactory service delivery to customers. We will continue to place high priority on their training and development, and seek and retain the best talents in our continued pursuit of operational and service excellence.

## OUTLOOK FOR THE FUTURE

Nigeria's economy has been deeply impacted by the decline in the price of crude oil, her major source of foreign exchange. This has caused scarcity of foreign exchange for raw material imports, leading to increases in input costs. There are indications that this trend will continue for the immediate future. I wish to assure you that the Board and Management of your Company will continue to devise strategies to mitigate the effect of these challenges and will work extremely hard to turn around the fortunes of your Company.

## CUSTOMERS

Our key partners in the business, our customers, continue to remain the cornerstone of your company. Notwithstanding the challenges faced during the year, we continued to receive excellent patronage from our customers. We are immensely grateful for this unwavering support.

## CHANGE OF SHAREHOLDING STRUCTURE

On 11 December 2015, Tiger Brands Limited and Dangote Industries Limited reached an agreement with respect to the sale of Tiger Brands' shareholding in the Company to Dangote Industries Limited. Subsequent to the approval of regulators in Nigeria and South Africa, the entire shareholding of Tiger Brands Limited was acquired by Dangote Industries Limited.

Additional capital has thereafter been injected into the company and our processes and management have been

strengthened in order to stabilise the business and place it on a sustainable path aimed at creating value for its stakeholders.

## PROPOSED CHANGE OF COMPANY NAME

As a consequence of the divestment of Tiger Brands Limited, the Company proposes to change its name from 'Tiger Branded Consumer Goods Plc' to 'Dangote Flour Mills Plc'.

A resolution to effect this change is being proposed for your kind approval.

## PROPOSED CHANGE OF ACCOUNTING YEAR

We also propose to change the accounting year-end from 30 September to 31 December to align with the accounting year of the new parent Company, Dangote Industries Limited. Consequently, the financial year 2016 will be a 15 month period ending on 31st December 2016.

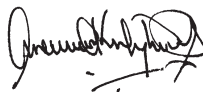
A resolution to effect this change is being proposed at this meeting for your kind approval.

## APPRECIATION

On behalf of the Board of Directors, I would like to thank the management and staff of the Company and its subsidiaries for their immense contributions to the business during the year. We are turning the corner.

I am also grateful to the shareholders, customers, suppliers, bankers, government agencies and regulatory authorities for their unrelenting support and continued confidence in the Company.

Thank you and God bless.



**Asue Ighodalo**  
Chairman







# BOARD OF DIRECTORS

## **Mr. Asue Ighodalo-*Chairman***

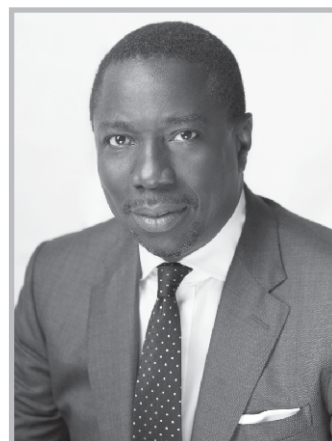
Mr. Asue Ighodalo is a founding partner of Banwo & Ighodalo, a multidisciplinary firm which provides first-class legal advice on numerous aspects of corporate and commercial Nigerian law. He obtained his first degree in Economics from the University of Ibadan, a law degree from the London School of Economics; and was admitted into the Nigerian Bar in July 1985.

His core areas of practice are Corporate Finance, Project Finance, Securities and Capital Markets, Energy & Natural Resources, and Mergers & Acquisitions.

Asue is a member of; the Nigerian Bar Association, Chairman of the Section on Business Law of the Nigerian Bar Association, International Bar Association (Section on Energy and Natural Resources Law), Association of International Petroleum Negotiators, Institute of Directors Nigeria, Chartered Institute of Taxation, Nigerian Economic Summit Group (Board member), Commercial Law and Taxation Committee, Lagos Chamber of Commerce and Industry and the Edo State Economic Strategy Team.

Asue is the Chairman of the Board of Directors of Sterling Bank Plc and also sits on the boards of some other public and private companies and not for profit organisations.

He has delivered several papers on corporate governance and capital markets related topics and also authored many articles in leading law publications. His hobbies include golfing, watching football, reading, traveling and participating in political discourse. He is married and has a daughter.



## **Mr. Peter Bambatha Matlare, *Director***

Mr. P. B. Matlare was born on 10<sup>th</sup> June, 1959 and is the vice-chairman of the Company and the Chief Executive Officer of Tiger Brands Limited. He graduated from University of Plymouth, United Kingdom where he obtained a B.SC (hons) Political Science in 1982 and an M.SC from University of York in 1983.

He has held several positions of leadership in various multinational companies including VODACOM, SABC and Primedia Ltd. He joined the Board of Directors of the Company in 2012.

## **Mr. Olakunle Alake, *Director***

Mr. Olakunle Alake was born on 11<sup>th</sup> August, 61. He is the Chief Operating Officer of Dangote Group. He holds a Bachelor's degree in Civil Engineering from Obafemi Awolowo University, Ile-Ife (1983) and is a Fellow of the Institute of Chartered Accountants of Nigeria. Mr. Alake started his career with Price Waterhouse, a firm of Chartered Accountants, in September 1984 and resigned in 1990 to join Liberty Merchant Bank Limited, a financial institution of the Dangote Group, and was later appointed the Managing Director/Chief Executive of Liberty Merchant Securities Limited. He was the Management Consultant and part of the team that provided the turnaround services for a smooth take-over of International Trust Bank Plc by the Dangote Group in August 1996. In July 1997, he moved to the Group Corporate office as the Financial Controller and Head of Strategic Services before his appointment to the Board as Executive Director responsible for the Group strategy in 2001 and then the Chief Operating Officer (COO) of the Group. He has been a key player in terms of strategic corporate building and also a director on the Board of the Company since its inception.



## **Mr. Arnold Ekpe, *Director***

Mr. Arnold Ekpe, 62, is currently the Chairman of Atlas Mara, the UK listed pan African banking group, Honorary President of the Business Council for Africa and Chairman of SFRE, the Luxembourg investment company

He is a former two-time CEO of Ecobank Group; former CEO of UBA; former partner of Africa Capital Alliance; and former non-executive director of the Nigerian Sovereign Investment Authority.

He joined the board in 2013.



## **Mr. Thabo Mabe, *Group Managing Director/CEO***

Mr. Thabo Mabe who is the current Group Chief Executive Officer of DFM Plc was born on 22<sup>nd</sup> August, 1963 in South Africa. He holds a BSC in Chemistry from Fort Hare University in South Africa. He started his working career in Unilever Plc where he served in various capacities with practical involvement in manufacturing, production, sales and other spheres of work in the Company. He held various leadership positions until he rose to become the CEO of Unilever Nigeria Plc.

He headed the multinational Company for over 4 years leading to its tremendous transformation which has been sustained till date.

He joined the services of Dangote Flour Mills Plc on the 1<sup>st</sup> July, 2014 as the Group Chief Executive Officer and a director on the Board of the Company with the vast experience which span over years.



## **Alhaji Ahmed Shehu Yakasai, *Executive Director, Supply Chain & Deputy CEO***

Alhaji Ahmed Shehu Yakasai obtained various educational and professional qualifications in Accountancy and Legal Studies. He is a member of the Nigerian Institute of Management (MNIM). Alhaji Ahmed Shehu Yakasai has worked in various capacities at various times and gained vast experience in chosen fields. He was Chief Accountant at KASCO under a World Bank Project after which he joined Raleigh Industries Plc as Finance Controller/Company Secretary from 1990 to 1995. He left to join Dangote Farms Ltd/Dansa Foods Ltd in 1995 as the Finance Controller. Thereafter, he became the Project Controller in Dangote Industries Limited from 1997 where he has since held various positions in the Group such as Regional Executive/Head, Sales and Marketing (North), Special Assistant to the Group Vice President.

He was Executive Director, Sales and Marketing in the Company in 2005 to 2007 before his redeployment to Dangote Industries Ltd as Special Assistant, Projects Office of the Group President. Until his appointment, he was Special Assistant to the Group President. Alhaji Ahmed Shehu Yakasai, born on 12th August, 1958 is married with children and enjoys reading and travelling.



## **Mr. Sudarshan Kasturi, *Executive Director (Finance)***

Mr. Sudarshan Kasturi was born on 16<sup>th</sup> February, 1966. He was appointed to the Board on 17<sup>th</sup> November, 2014 as the Group Finance Officer and a director of the Company. Prior to this, he was the Chief Finance Officer at Unilever Nigeria Plc with over 23 year experience in Finance, audit and supply chain in various countries. He started his career and worked in various capacities relating to finance, commercial and audit in managerial positions including Regional Commercial Manager (Easter Region), Senior Manager Corporate Audit and later Business Lead-SAP Project, (Hindustan Unilever). He rose to become the General Manager, Finance- Sales & Customer Development before he moved to Nigeria as the Finance Director in Unilever Nigeria Plc in 2011 from where he joined Dangote Flour Mills Plc.



## **Ms Halima Dangote, *Executive Director, (Commercial)***

Ms. Dangote is currently an Executive Director (DIL and Foundation), and also serves on the Board of NASCON Allied Industries Plc., a subsidiary of DIL. She is also a Director at MHF Properties, a real estate development firm. In addition, Ms. Dangote is responsible for new business development and project management, working closely with the President/CEO and other members of the Executive Team to develop geographic and sectoral expansion plans for DIL. She currently serves as a member of the DIL Executive team that oversees the development and management of the Group's newest businesses including an \$8 billion refinery and a \$1.5 billion fertilizer plant.

Ms. Dangote joined DIL in 2008 and has held a number of executive management roles including Special Assistant to the President/Chief Executive Officer, with a wide span of strategic and operational responsibilities. Her focus areas include, but are not limited to, enhancing the performance of DIL's subsidiary companies by ensuring shared services across companies, supporting capital raising initiatives, and developing group-wide

human resources and administration policies and systems.

She started her career as a Business Analyst with KPMG Professional Services in Lagos, Nigeria, in 2007, and was primarily involved in business performance improvement processes, development of strategy and models for financial and operational improvements, policy formulation and implementation for public and private sector clients.

Halima holds a Bachelors' Degree in Marketing from American Intercontinental University, London, United Kingdom (2005) and a Masters in Business Administration obtained from Webster Business School, also in London, United Kingdom (2006). She has attended a number of high profile leadership development programs both within and outside the country. Some of them include Program for Leadership Development (PLD), Harvard Business School (2015); Executive Development Program, Kellogg School of Management (2013); Finance and Accounting for Non-Financial Executive, Columbia Business School (2013); and Company Direction Course, Institute of Directors, Lagos, Nigeria. (2012).

She was appointed to the Board of Tiger Branded Consumer Goods Plc., effective 1<sup>st</sup> March, 2016.

She is married with two children.



# Report of the Directors

For the year ended 30 September, 2015

## 1. ACCOUNTS

The Directors hereby submit their report together with the audited accounts of the Company for the year ended 30 September, 2015.

## 2. RESULT

	Group N000	Company N000
Turnover	48,026,674	36,094,021
Total comprehensive loss	(12,679,305)	(14,078,794)

## 3. PRINCIPAL ACTIVITIES

The principal activities of the Company during the year under review were as follows:

- (a) Manufacturing and selling of bread and confectionery flour
- (b) Manufacturing and selling of wheat offal (Bran)
- (c) Manufacturing of semolina.

The principal activities of its subsidiaries are:

### **Dangote Pasta Limited**

Manufacturing and selling of spaghetti, macaroni and other pasta products.

### **Dangote Noodles Limited**

Manufacturing and selling of noodles.

## 4. LEGAL FORM

The Company started operating as a division of Dangote Industries Limited in 1999. It was incorporated and commenced operations as a public limited liability company on 1st January, 2006. The Company was quoted on The Nigerian Stock Exchange on 4th February, 2008.

## 5. DIRECTORS AND DIRECTORS' INTEREST

The names of Directors who are currently in office or served during the year are as follows:

Alhaji Aliko Dangote, GCON	–	Resigned 11th November, 2015
Mr. Olakunle Alake	–	Resigned 16th November, 2015 and re-appointed 10th December, 2015
Mr. Asue Ighodalo	–	Resigned 16th November, 2015 and re-appointed 10th December, 2015
Mr. Arnold Ekpe	–	Resigned 18th November, 2015 and re-appointed 10th December, 2015
Mr. Ian Isdale	–	Resigned 29th May, 2015
Mr. Peter Bambatha Matlare		
Mrs. Olufunke Ighodaro	–	Resigned 25th February, 2016
Mr. Noel Doyle	–	Resigned 25th February, 2016
Mr. Thabo Mabe		
Mr. Sudarshan Kasturi		
Ms Halima Dangote	–	Appointed 1st March, 2016
Alhaji Ahmed Shehu Yakasai	–	Appointed 15th March, 2016

In accordance with the provisions of Section 259 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, one-third of the Directors of the Company shall retire from office annually. The retiring Directors shall be those who have been longest in office since their last election. In accordance with the provisions of this section, Mr. Peter Bambatha Matlare retires by rotation at the forthcoming Annual General Meeting (AGM). Being eligible, Mr. Peter Bambatha Matlare offers himself for re-election.



# Report of the Directors

For the year ended 30 September, 2015

The following Directors resigned and were re-appointed by the Board since the most recent Annual General Meeting and will be ratified at the forthcoming Annual General Meeting (AGM):

Mr. Asue Ighodalo  
Mr. Arnold Ekpe  
Mr. Olakunle Alake

Ms Halima Dangote and Alhaji Ahmed Shehu Yakasai were appointed since the most recent Annual General Meeting and will be ratified at the forthcoming Annual General Meeting (AGM).

No Director has a service contract not terminable within five years.

The Directors' interest in the issued share capital of the Company as recorded in the register of members and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004 are as follows:

	Number of 50k Shares held as at					
	30 September, 2015			30 September, 2014		
	Direct	Indirect	Total	Direct	Indirect	Total
<b>Directors</b>						
Mr. Asue Ighodalo	—	—	—	—	—	—
Mr. Arnold Ekpe	—	—	—	—	—	—
Mr. Peter Bambatha Matlare	—	—	—	—	—	—
Mr. Olakunle Alake	2,377,500	—	2,377,500	2,377,500	—	2,377,500
Mr. Thabo Mabe	—	—	—	—	—	—
Mr. Sudarshan Kasturi	—	—	—	—	—	—
Ms Halima Dangote	—	—	—	—	—	—
Alhaji Ahmed Shehu Yakasai	—	—	—	—	—	—

## 6. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Directors are responsible for the preparation of financial statements which give a true and fair reflection of the state of affairs of the Company at the end of the financial year and of the profit or loss for that period and which complies with the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004. In doing so, they ensure that:

- Proper accounting records are maintained which disclose with reasonable accuracy the financial position of the Company and the Group and which ensures that the financial statements comply with the requirements of the Companies and Allied Matters Act of Nigeria;
- Applicable International Financial Reporting Standards are followed;
- Proper Accounting records are maintained;
- Suitable accounting policies are adopted and consistently applied;
- Judgments and estimates made are reasonable and prudent;
- It is appropriate for the financial statements to be prepared on a going concern basis;
- Adequate internal control procedures are instituted and maintained which are designed to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

## 7. CORPORATE GOVERNANCE

Management is committed to manage the Company with best practices and policies which align the strategy of the Company with the interests of all stakeholders. This, in the long run, will result in a beneficial relationship and long-term growth.

Tiger Branded Consumer Goods Plc embraces good corporate governance as a key strategy in achieving business success incorporating compliance with applicable laws and regulations as a responsible corporate entity.

The Board, in line with its responsibilities to shareholders, works to achieve worldwide best practice in corporate governance and endeavours to conduct the business of the Company and the Group in a fair, honest and transparent manner which conforms to high ethical standards.



# Report of the Directors

For the year ended 30 September, 2015

## 8. SUBSTANTIAL INTEREST IN SHARES

The Registrar has advised that according to the Register of members on 30th September 2015, Tiger Brands Limited with 3,283,277,052 and Dangote Industries Limited with 500,000,000 ordinary shares of 50k each respectively held 65.67% and 10% of the issued share capital of the Company.

## 9. FIXED ASSETS

Movements in fixed assets during the year are shown in Note 13 to the Accounts. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the accounts.

## 10. DONATIONS AND CHARITABLE GIFTS

Tiger Branded Consumer Goods Plc identifies with the aspirations of our operational environment by supporting charitable and worthy causes. During the year under review, no donation was made to any political party or religious organisation.

## 11. POST BALANCE SHEET EVENTS

Subsequent to year-end, the group is currently reviewing its capital structure to address the debt burden and future capital requirements of the Company. There was a significant change in the shareholding and ownership structure of the company with the divestment of Tiger Brands Limited and sale of its entire 3,283,277,052 shares to Dangote Industries Limited which also resulted in the resignation and appointment of some directors. There are no other significant developments since the balance sheet date which could have had a material effect on the state of affairs of the Company as at 30 September, 2015 and the profit for the year ended on that date which have not been adequately recognised.

## 12. COMPANY DISTRIBUTORS

The Company's products are distributed through many distributors across the country.

## 13. SUPPLIERS

The Company procures its materials on an arm's length basis from foreign and local suppliers. Amongst its main suppliers are Cargill International SA, Ameropa S.A., Vitachem Nigeria Limited and Biochemical Derivatives Nigeria Limited.

## 14. ANALYSIS OF SHAREHOLDINGS

Analysis of shareholdings as at 30 September, 2015:

Range	No. of S/Holders	Cumulative Holders	Holders %	No. of Units	Cumulative Units	Units %
1 — 1,000	143,003	143,003	44.39	126,715,218	126,715,218	2.53
1,001 — 5,000	160,491	303,494	49.82	289,211,428	415,926,646	5.78
5,001 — 10,000	11,291	314,785	3.51	75,609,138	491,535,784	1.51
10,001 — 50,000	6,161	320,946	1.91	116,563,857	608,099,641	2.33
50,001 — 100,000	607	321,553	0.19	45,172,936	653,272,577	0.90
100,001 — 500,000	456	322,009	0.14	95,514,841	748,787,418	1.91
500,001 — 1,000,000	57	322,066	0.02	40,842,784	789,630,202	0.82
1,000,001 — 2,000,000	19	322,085	0.01	28,650,196	818,280,398	0.57
2,000,001 — 5,000,000	18	322,103	0.01	60,617,318	878,897,716	1.21
5,000,001 — 10,000,000	6	322,109	0.00	36,823,860	915,721,576	0.74
10,000,001 — 50,000,000	8	322,117	0.00	182,761,009	1,098,482,585	3.66
50,000,001 — 100,000,000	2	322,119	0.00	118,240,363	1,216,722,948	2.36
100,000,001 and above	2	322,121	0.00	3,783,277,052	5,000,000,000	75.67
<b>Total</b>	<b>322,121</b>		<b>100.00</b>	<b>5,000,000,000</b>		<b>100.00</b>





# Report of the Directors

For the year ended 30 September, 2015

## 15. HUMAN RESOURCES

### 1. Employment, training and employees

The Company recruits without discrimination in considering applications for employment through selection of the most suitable individuals after a rigorous interview process and thorough scrutiny. The Company employs management professionals and necessary technical expertise and continues to invest in developing such skills and maintaining set standards. The Company has a Learning And Development Unit which provides in-house company - wide learning and development interventions to enable employees meet both current and future skills and knowledge requirements within a defined overall budget. The Unit is also involved in providing support for external course attendance.

It is the Company's policy for all employees to undergo mandatory training at least every two (2) years in Health and Safety, Fire Safety/Awareness, First Aid, values and codes of ethics and supervisory skills course in addition to the induction of all employees on assumption of duty.

The Company sometimes sponsors employees to attend training programmes overseas in areas where the performance gaps cannot be met locally. The employee is required to share the knowledge acquired at the training with other eligible employees.

### 2. Employee welfare and safety at work

The Company continuously strives to improve health and safety measures at its operations under the supervision of an Health, Safety and Environment expert to ensure a safe working environment. It does so through implementation of the following initiatives:

- Maintaining a high standard of hygiene in all its premises through sanitation practices and the regular fumigation exercises have been further strengthened by the installation of pest and rodent control measures;
- Safety and environment workshops have been organised for all employees with broad focus on good house-keeping to ensure a safe working environment;
- Nutritionally balanced meals are provided in staff canteens at subsidised prices at the various factory sites;
- The use of safety shoes, goggles and aprons etc. by employees is enforced;
- The Company carries out safety and fire awareness drills for all employees on a regular basis;
- As a guide in the performance of all functions, a written safety policy for ensuring safe working practices is in place;
- Safety Officers and Security Supervisors are at hand to ensure the use of and implementation of safety systems and procedures;
- There is a clinic within each factory to provide adequate medical care in the event of accidents or any emergency in the work place;
- The Company allows employees and their immediate families to attend good hospitals at its expense under the Company's HMO Scheme;
- Fire prevention drills and fire-fighting equipment are installed in strategic positions within the premises of each factory.

### 3. Employee Development

Local and overseas training and development programmes have been organised to meet the needs of the Company's modernisation and automation strategy implementation. The Company continues to place a premium on its human capital development arising from the fact that this would ensure improved efficiency in the business and maintain a strategic advantage over competition. On the other hand, employees are fully equipped to provide quality service which ultimately will be beneficial to the organisation and thus contribute to its growth.

## 16. AUDIT COMMITTEE

In compliance with the provisions of section 359(3) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, the Company has an Audit Committee comprising three (3) Shareholders and three (3) Directors as follows:

Mr. Alex Adio	—	Shareholder/Chairman
Mr. Eric Akinnifesi Akinduro	—	Shareholder/Member
Mr. Babatunde Abayomi Opeyemi	—	Shareholder/Member
Mrs. Olufunke Ighodaro	—	Director/Member (Resigned 25th February, 2016)
Mr. Asue Ighodalo	—	Director/Member (Now Chairman of the Board)
Mr. Olakunle Alake	—	Director/Member
Mr. Arnold Ekpe	—	Director/Member
Mr. Peter Matlare	—	Director/Member

The functions of the Audit Committee are as laid down in section 359(6) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria, 2004.



# Report of the Directors

For the year ended 30 September, 2015

## 17. AUDITORS

Messrs Akintola Williams Deloitte (Chartered Accountants) have indicated their willingness to continue in office as the Company's Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria, 2004. A resolution will be proposed at the upcoming AGM authorising the Directors to formalise their remuneration.

## BY ORDER OF THE BOARD



**AISHA LADI ISA (MRS)**  
*Company Secretary*

Terminal 'E'  
Greenview Development Building (2nd Floor)  
Apapa Wharf  
Lagos,  
Nigeria.

Dated this 1st day of February, 2016

# Corporate Governance Report

TIGER BRANDED CONSUMER GOODS PLC is committed to best practice and procedures in corporate governance. It recognises that corporate governance is fundamental to earning the confidence and trust of its shareholders. It provides the structure through which the objectives of the Company are set and the means of attaining such objectives. Overseen by the Board of Directors, corporate governance practices are constantly under review in line with the dynamics of the business environment.

The corporate governance policies adopted by the Board of Directors are designed to ensure that the Company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards. The code of corporate governance for public companies provides the basis for promoting sound corporate governance in the Company. The governance framework helps the Board to discharge its duties of providing oversight and strategic counsel balanced with its responsibility to ensure conformity with regulatory requirements and acceptable risk.

## **The Board**

Appointment to the Board is made by shareholders at the Annual General Meeting on the recommendation of the Board of Directors.

The Board consists of eight (8) members comprising four (4) Executive Directors and four (4) non-Executive Directors.

The Board delegates the day-to-day running of the Company's affairs to the Group Managing Director/Chief Executive Officer, who is supported in this task by Executive Directors and the Executive Management.

The Board governs and supervises the overall activities of the Company through the Group Chief Executive Officer.

## **Responsibilities of the Board of Directors**

It is the responsibility of the Board of Tiger Branded Consumer Goods Plc to:

- Ensure that the Company's operations are conducted in a fair and transparent manner that conforms to high ethical standards;
- Ensure integrity of the Company's financial and internal control policies;
- Ensure the accuracy, adequacy and timely rendition of the statutory returns and financial reporting to the regulatory authorities (NSE, CAC, SEC) and shareholders;
- Ensure value creation for the shareholders, employees and other stakeholders;
- Review and approve corporate policies, strategy, annual budget and business plans;
- Monitor implementation of policies and the strategic direction of the Company;
- Set performance objectives, monitor implementation and corporate performance;
- Review and approve all major and capital expenditure of the Company;
- Ensure that the statutory rights of all shareholders are protected at all times;
- Provide the Company with entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed;
- Deploy the Company's resources to profitable use;
- Outline the Company's strategic and corporate aims;
- Ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Review management performance on a continuous basis;
- Set the Company's values and standards;
- Take decisions objectively in the interest of the Company;
- Ensure that its obligations to its shareholders and other stakeholders are understood and met;
- Constructively challenge and help develop proposals on strategies developed by Management.

The Board carries out some of the above responsibilities through the respective Board Committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedure for reporting to the Board. Each Committee is presided over by a non-Executive Director to ensure strict compliance with the principles of good corporate governance, while the Audit Committee has a representative of the shareholders as its Chairman. The Chairman of the Board is not a member of any of the Committees.

Members of the Board of Directors hold quarterly meetings to decide on policy matters and direct the affairs of the Company and Group, review its performance, its operations, finances and formulate growth strategies. Attendance at Directors' meetings was impressive. In line with provisions of section 258(2) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, the records of Directors' attendance at Board meetings is available for inspection at the Annual General Meeting. The remuneration of Executive Directors is fixed and reviewed by a committee of non-Executive Directors.



# Corporate Governance Report

## Frequency of Meetings

The Board of Directors holds at least four (4) meetings a year, to consider important corporate events and actions such as approval of Corporate Strategy, Annual Corporate Plan, review of internal risk management and control systems, review performance and direct the affairs of the Company, its operations, finances and formulate growth strategies. It may however, convene a meeting whenever the need arises. During the year under review, the Board had a total of four (4) meetings.

## Standing Committees of the Board

The Board carries out some of the above responsibilities through the Board Committees whose terms of reference clearly set out their roles, responsibilities, scope of authority and procedure for reporting to the Board.

### 1. Board Governance/Remuneration Committee

Composition:

Mr. Arnold Ekpe	—	<i>Chairman</i>	
Mr. Peter Bambatha Matlare	—	<i>Member</i>	
* Mr. Noel Doyle	—	<i>Member</i>	(Resigned 25th February, 2016)
Mr. Olakunle Alake	—	<i>Member</i>	

Functions:

- (i) To review and make recommendations to the Board for approval of the Company's human resources policy, organisational structure and any proposed amendments when necessary.
- (ii) Review and advise on governance and compliance issues.
- (iii) To make recommendations on the remuneration structure for non-Executive Directors and variable compensation for executive and senior management.
- (iv) Such other matters as the Board may delegate to the Committee.

### 2. Board Audit and Risk Committee

The Committee is made of five (5) members consisting of non-executive Directors. However, the Group Chief Executive Officer and Group Chief Finance Officer attend the meetings as well.

The Committee met four (4) times during the year under review.

Composition:

Mr. Peter Matlare	—	<i>Chairman</i>	
* Mrs. Olufunke Ighodaro	—	<i>Chairperson</i>	(Resigned 25th February, 2016)
Mr. Asue Ighodalo	—	<i>Member</i>	(Now Chairman of the Board)
Mr. Olakunle Alake	—	<i>Member</i>	
* Mr. Ian Isdale	—	<i>Member</i>	(Resigned 29th May, 2015)
* Mr. Noel Doyle	—	<i>Member</i>	(Resigned 25th February, 2016)
Mr. Arnold Ekpe	—	<i>Member</i>	
Mr. Thabo Mabe	—	<i>Member</i>	
Mr. Sudarshan Kasturi	—	<i>Member</i>	

Functions:

The Committee will perform specific responsibilities in relation to the following:

#### 1.1 Finance and Investment

- 1.1.1 Review and make recommendations to the Board regarding the Company's investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines, and the performance of the Company's investments portfolios.
- 1.1.2 Oversee the Company's investment planning, execution and monitoring process.
- 1.1.3 Review annually, the Company's financial projections, as well as capital and operating budgets, and review on a quarterly basis with management, the progress of key initiatives, including actual financial results against targets and projections.



# Corporate Governance Report

- 1.1.4 Review and recommend for Board approval, the Company's capital structure, including, but not limited to capital raising, mergers, acquisitions, business expansions, allotment of new capital, debt limits and any changes to the existing capital structure.
- 1.1.5 Recommend for Board approval, the Company's dividend policy, including nature and timing.
- 1.1.6 Ensure that an effective tax policy is implemented.
- 1.1.7 Periodically review the Company's liquidity position.
- 1.1.8 Review and make recommendations to the Board regarding the Delegation of Authority limits of the Company.
- 1.1.9 Review and recommend major expenditure items within the limit of the Committee as specified in the Delegation of Authority.

## 1.2 ***Risk Management***

- 1.2.1 Ensure there is an efficient risk management framework for the identification, quantification and management of business risks facing the Company.
- 1.2.2 Evaluate the Company's risk profile and the action plans in place to manage the risk.
- 1.2.3 Review the Company's risk management framework policy on at least an annual basis, and more frequently if necessary; approve risk management related policies, procedures and parameters that govern the management of all business functions, services, operations and management information systems.
- 1.2.4 Review the Company's system of internal control to ascertain their adequacy and effectiveness.
- 1.2.5 Obtain assurance and report annually in the financial report, on the operating effectiveness of the Company's internal control framework.
- 1.2.6 Evaluate internal processes for identifying, assessing, monitoring and managing key risk areas, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and Management's views on the acceptable and appropriate levels of the risk exposures.
- 1.2.7 Ensure the Company's business continuity management and disaster recovery plan is comprehensive and adequate.
- 1.2.8 Periodically evaluate the effectiveness of the processes for managing the Company's health, safety, security and environmental risks.

## 1.3 ***Financial Reporting/ Statement***

- 1.3.1 Review and recommend the Company's accounting policies.
- 1.3.2 Review the significant financial reporting issues and practices of the Company, and ensure the adequacy and effectiveness of the financial controls within the Company including controls relating to the "closing of the books" process.
- 1.3.3 Define and monitor the Company's policy regarding press releases as well as financial information provided to analysts and rating agencies.
- 1.3.4 Review the Company's legal representation letter presented to the external auditors and discuss significant items, if any, with the Company Secretary.
- 1.3.5 Review the decisions of the Statutory Audit Committee on the financial statements and ensure compliance.
- 1.3.6 Review and agree the terms of the engagement and the audit fees for the External Auditors.
- 1.3.7 Assess and confirm the independence of the statutory auditor annually. The report of this assessment should be submitted to the Board.
- 1.3.8 Review and ratify the quarterly and annual financial statements.



# Corporate Governance Report

1.3.9 Review critical accounting issues, legal and regulatory matters, contingent liabilities that may have material effect on the Company's financial statements.

1.3.10 Review and monitor related party transactions and assess their propriety.

1.3.11 Ensure adequacy of statutory reporting to regulatory bodies.

## 1.4 **Internal Audit**

1.4.1 Review and approve the annual internal audit plan encompassing all of the Company's auditable activities and entities and on a quarterly basis discuss the status of implementation of the internal audit plan.

1.4.2 Review the scope of the internal audit function and the adequacy of available resources.

1.4.3 Annually review and reassess the internal audit division's responsibilities and functions, making changes as necessary.

1.4.4 Require an independent evaluation of internal audit function's activities every three years in line with the provisions of the SEC Code of Corporate Governance.

1.4.5 Oversee the establishment of whistle blowing procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal controls, auditing matters, unethical activity, breach of the corporate governance code. Ensure the confidentiality and anonymity of submissions received with respect to such complaints.

1.4.6 At least on an annual basis, obtain and review a report by the internal auditors, describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent internal control review of the Company.

1.4.7 Investigate any matter brought to its attention within the scope of the Committees' duties.

1.4.8 Review reports on all attempted and actual frauds, thefts and breaches of law that could have a significant impact on the Company's business and follow-up with appropriate disciplinary actions.

## 1.5 **Regulatory Compliance**

1.5.1 Review the adequacy and effectiveness of the compliance programme established within the Company.

1.5.2 Review the processes for ensuring that existing, new and amended legal and regulatory requirements are identified and reflected in the Company's processes.

1.5.3 Evaluate the nature and effectiveness of action plans implemented to address identified compliance weaknesses.

## 3. **The Audit Committee**

The Audit Committee is made up of six (6) members, consisting of three (3) representatives of the shareholders and three (3) members of the Board of Directors. Members of the Audit Committee are elected at the general meetings. The Committee, in compliance with the requirements of corporate governance practice is chaired by a shareholder. The Committee met thrice during the year under review.

Composition:

Mr. Alex Adio	— <i>Shareholder/Chairman</i>
Mr. Eric Akinnifesi Akinduro	— <i>Shareholder</i>
Mr. Babatunde Opeyemi	— <i>Shareholder</i>
Mrs. Olufunke Ighodaro	— <i>Director</i> (Resigned 25th February, 2016)
Mr. Asue Ighodalo	— <i>Director</i> (Now Chairman of the Board)
Mr. Olakunle Alake	— <i>Director</i>
Mr. Peter Matlare	— <i>Director</i>
Mr. Arnold Ekpe	— <i>Director</i>



# Corporate Governance Report

In addition to its responsibility to review the scope, independence and objectivity of the external audit, the Audit Committee carries out all such matters as are reserved to the Audit Committee by the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria, 2004, listed below:

- Ensuring the independence and objectivity of the Audit (Statutory and Internal)
- Review adequacy and effectiveness of Tiger Branded Consumer Goods Plc internal control policies prior to endorsement by the Board.
- Direct and supervise investigations on matters within the scope, such as evaluations of the effectiveness of the Company's internal control system, cases of employee, business partner and client misconduct or conflict of interest.

## COMPLIANCE STATEMENT

The Company filed its 2015 audited accounts with The Nigerian Stock Exchange within the required time frame.

## ATTENDANCE OF MEETINGS BY MEMBERS OF THE BOARD/BOARD COMMITTEES FROM OCTOBER, 2014 TO SEPTEMBER, 2015

### BOARD OF DIRECTORS' MEETINGS

Name of Directors	Attendance			
	29th Oct. 2014	27th Jan. 2015	29th Apr. 2015	30th July 2015
Alhaji Aliko Dangote, GCON	P	A	P	P
Mr. Peter Bambatha Matlare	P	P	P	P
Mr. Olakunle Alake	P	P	P	P
Mrs. Olufunke Ighodaro	P	P	P	P
Mr. Asue Ighodalo	P	P	P	P
Mr. Arnold Ekpe	P	P	A	P
Mr. Ian Isdale	P	P	P	P
Mr. Noel Doyle	P	P	P	P
Mr. Thabo Mabe	P	P	P	P
Mr. Sudarshan Kasturi	P	P	P	P

### BOARD AUDIT AND RISK COMMITTEE

Name	Attendance				
	22nd Oct. 2014	29th Oct. 2014	26th Jan. 2015	29th Apr. 2015	29th July 2015
Mrs. Olufunke Ighodaro	P	P	P	P	P
Mr. Olakunle Alake	P	P	P	P	P
Mr. Noel Doyle	P	P	P	P	A
Mr. Asue Ighodalo	P	P	P	P	P
Mr. Ian Isdale	P	P	P	P	A

N.B.: \* P — Present

\* A — Apology

\* N/A — Not Applicable/Yet to be appointed or resigned



# Corporate Governance Report

## AUDIT COMMITTEE MEETING

Name	Attendance		
	22nd October, 2014	7th November, 2014	29th April, 2015
Mr. Alex Adio	P	P	P
Mr. Akinduro Eric Akinnifesi	P	P	P
Alhaji Musa Baba Bichi	P	P	P
Mrs. Olufunke Ighodaro	P	A	P
Mr. Asue Ighodalo	A	P	P
Mr. Olakunle Alake	P	P	P

N.B.:

\* P — Present

\* A — Apology

\* N/A — Not Applicable/Yet to be appointed or resigned

## SECURITY TRADING POLICY

In compliance with Section 14 of the NSE Amended Listing Rules, the Company has established a Securities Trading Policy guiding securities transactions by its Directors. The Board ultimately has the responsibility for the Company's compliance with the rules relating to insider trading. The Company's Directors, executives and senior employees are prohibited from dealing with the Company's shares in accordance with the Investments & Securities Act, 2007. As required by law, the shares held by Directors are disclosed in the Annual Report.

# Statement of Directors' Responsibilities

## FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September, 2015

The Directors of Tiger Branded Consumer Goods Plc are responsible for the preparation of the consolidated and separate financial statements that presents fairly the financial position of the Group as at 30 September, 2015 and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards, and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern;

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to disclose and explain the financial position of the Group and its transactions and results accurately in accordance with International Financial Reporting Standards;
- Maintaining statutory accounting records in compliance with legislation in force in Nigeria and in accordance with International Financial Reporting Standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities by implementing a sound system of internal controls.

### Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the Group will not remain a going concern in the year ahead.

The consolidated and separate financial statements for the year ended 30 September, 2015, set out on pages 22 to 73, which have been prepared on the going concern basis, were approved by management on 10 December, 2015 and were signed on their behalf by:

Signed on behalf of Management of the Group by:



Mr. Thabo Mabe  
Group Chief Executive Officer

FRC/2013/IODN/00000001741



Mr. Sudarshan Kasturi  
Executive Director

FRC/2013/IODN/00000001750

# Report of the Audit Committee

## TO THE MEMBERS OF TIGER BRANDED CONSUMER GOODS PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP 20 Laws of the Federation of Nigeria 2004, we have examined the Auditors' report for the year ended 30th September, 2015. We have obtained all the information and explanations we required.

In our opinion, the Auditors' report is consistent with our review of the scope and planning of the audit. We are also satisfied that the accounting policies of the Company are in accordance with the legal requirements and agreed ethical practice. Having reviewed the Auditors' findings and recommendations on Management matters, we are satisfied with Management's response therein.



**Mr. Alex Adio**  
*Chairman, Audit Committee*

Dated this 1st day of February, 2016

### Members of the Committee

Mr. Akinduro Eric Akinnifesi

Mr. Babatunde Abayomi Opeyemi

\* Mr. Asue Ighodalo — Appointed Board Chairman

\* Mrs. Olufunke Ighodaro — Resigned 25th February, 2016

Mr. Olakunle Alake

Mr. Peter Matlare

Mr. Arnold Ekpe





# Report of the Independent Auditors

# Deloitte.

Akintola Williams Deloitte  
235 Ikoro Road, Ilupeju  
P.O. Box 965, Marina  
Lagos  
Nigeria

Tel: +234 (1) 271 7800  
Fax: +234 (1) 271 7801  
www.deloitte.com/ng

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TIGER BRANDED CONSUMER GOODS PLC

### Report on the Consolidated and separate financial statements

We have audited the accompanying consolidated and separate financial statements of **TIGER BRANDED CONSUMER GOODS PLC and its subsidiaries** which comprise the consolidated and separate statements of financial position as at 30 September 2015, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity, the consolidated and separate statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act, 2011, the International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated and separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of **TIGER BRANDED CONSUMER GOODS PLC and its subsidiaries** as at 30 September 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

### Emphasis of matters

Without qualifying our opinion, we draw attention to Note 1.4 of the consolidated and separate financial statements which indicate that the Group had accumulated losses of N23.1 billion and a negative equity of N3.1 billion as at 30 September 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Details of management's consideration of these conditions and their expectations around the future sustainability of the business coupled with the expected future support from the parent company are also included in the same note.

### Other reporting responsibilities

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company and its subsidiaries have kept proper books of account, so far as appears from our examination of those books.
- iii) The Group's statements of financial position and its statements of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Jelili Adebisi FRC/2013/ICAN/000000004247

For: Akintola Williams Deloitte

Chartered Accountants

Lagos, Nigeria

30 December, 2015



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Akintola Williams Deloitte, a member firm of Deloitte Touche Tohmatsu Limited, is a professional services organisation that provides audit, tax, consulting, accounting and financial advisory, corporate finance, and risk advisory services.

For the year ended 30 September, 2015

**Tiger Brand**

# Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 September, 2015

		GROUP		COMPANY	
			Restated		
	Notes	2015 ₦000	2014 ₦000	2015 ₦000	2014 ₦000
<b>Total comprehensive loss attributable to:</b>					
Owners of the parent		(12,527,146)	(6,219,905)	(14,078,794)	(4,159,302)
Non-controlling interest		(152,159)	110,397	—	—
		<b>(12,679,305)</b>	<b>(6,109,508)</b>	<b>(14,078,794)</b>	<b>(4,159,302)</b>
<b>Loss per share</b>					
<b>Per share information</b>					
Basic and diluted loss per share (kobo)	12	(250.54)	(124.40)	(281.58)	(83.19)

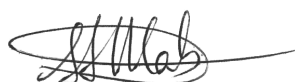
The accounting policies on pages 30 to 47 and the notes on pages 48 to 70 form an integral part of the consolidated and separate financial statements.

# Consolidated and Separate Statements of Financial Position

As at 30 September, 2015

	Note(s)	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	13	23,027,073	26,342,645	13,691,988	15,353,413
Investments in subsidiaries	14	—	—	2,507,637	2,597,637
Deferred tax	15.2	4,753,851	4,928,320	2,529,199	2,802,518
		<b>27,780,924</b>	<b>31,270,965</b>	<b>18,728,824</b>	<b>20,753,568</b>
<b>Current Assets</b>					
Inventories	16	5,738,870	5,429,059	4,183,629	4,052,548
Amount owed by group companies	14.2	—	—	13,082,546	15,829,139
Trade and other receivables	17	5,102,397	6,933,990	3,230,423	5,267,827
Short term loans receivable	24.1	7,414,953	6,619,923	4,278,435	3,541,950
Cash and bank balances	18	3,317,838	4,547,552	2,840,572	4,118,711
		<b>21,574,058</b>	<b>23,530,524</b>	<b>27,615,605</b>	<b>32,810,175</b>
<b>Total Assets</b>		<b>49,354,982</b>	<b>54,801,489</b>	<b>46,344,429</b>	<b>53,563,743</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital and premium	19	20,616,249	20,616,249	20,616,249	20,616,249
Accumulated loss		(23,052,118)	(10,524,972)	(20,620,520)	(6,541,726)
<b>Equity Attributable to Equity Holders of Parent</b>		<b>(2,435,869)</b>	<b>10,091,277</b>	<b>(4,271)</b>	<b>14,074,523</b>
Non-controlling interest	14.1	(635,304)	(483,145)	—	—
		<b>(3,071,173)</b>	<b>9,608,132</b>	<b>(4,271)</b>	<b>14,074,523</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Borrowings	20	999,908	5,044,448	999,908	5,044,448
Deferred tax	15.3	1,486,995	1,470,936	1,486,995	1,470,936
		<b>2,486,903</b>	<b>6,515,384</b>	<b>2,486,903</b>	<b>6,515,384</b>
<b>Current Liabilities</b>					
Trade and other payables	21	9,929,759	9,841,355	6,343,968	6,198,025
Borrowings	20	37,869,079	27,282,725	35,631,882	25,243,989
Current tax payable	22	184,526	171,276	141,096	149,204
Bank overdraft	18	1,955,888	1,382,617	1,744,851	1,382,618
		<b>49,939,252</b>	<b>38,677,973</b>	<b>43,861,797</b>	<b>32,973,836</b>
<b>Total Liabilities</b>		<b>52,426,155</b>	<b>45,193,357</b>	<b>46,348,700</b>	<b>39,489,220</b>
<b>Total Equity and Liabilities</b>		<b>49,354,982</b>	<b>54,801,489</b>	<b>46,344,429</b>	<b>53,563,743</b>

The consolidated and separate financial statements and the notes on pages 30 to 74, were approved by the directors on the 10 December, 2015 and were signed on its behalf by:



**Mr. Thabo Mabe**  
Group Chief Executive Officer  
FRC/2013/IODN/00000001741



**Mr. Sudarshan Kasturi**  
Executive Director  
FRC/2013/IODN/00000001750



**Mr. Babatunde Oduwaye**  
Head of Finance  
FRC/2004/ICAN/00000005598





# Consolidated and Separate Statements of Changes in Equity

For the year ended 30 September, 2015

GROUP	Share capital #000	Share premium #000	Total share capital #000	Accumulated loss #000	Total attributable to owners of the parent #000	Non-controlling interest #000	Total equity #000
<b>Balance at 1 October, 2013</b>	2,500,000	18,116,249	20,616,249	(4,305,067)	16,311,182	1,795,343	18,106,525
Loss for the year	—	—	—	(6,219,905)	(6,219,905)	110,397	(6,109,508)
Other comprehensive income	—	—	—	—	—	—	—
<b>Total comprehensive Loss for the year</b>	—	—	—	(6,219,905)	(6,219,905)	110,397	(6,109,508)
Settlement of non-controlling interest of discontinued operations	—	—	—	—	—	(2,388,885)	(2,388,885)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	—	—	—	—	—	(2,388,885)	(2,388,885)
<b>Balance at 1 October, 2014</b>	2,500,000	18,116,249	20,616,249	(10,524,972)	10,091,277	(483,145)	9,608,132
Loss for the year	—	—	—	(12,527,146)	(12,527,146)	(152,159)	(12,679,305)
Other comprehensive income	—	—	—	—	—	—	—
<b>Total comprehensive Loss for the year</b>	—	—	—	(12,527,146)	(12,527,146)	(152,159)	(12,679,305)
<b>Balance at 30 September, 2015</b>	2,500,000	18,116,249	20,616,249	(23,052,118)	(2,435,869)	(635,304)	(3,071,173)
Note(s)	19	19	19				



# Consolidated and Separate Statements of Changes in Equity

For the year ended 30 September, 2015

COMPANY	Share capital ¥000	Share premium ¥000	Total share capital ¥000	Accumulated loss ¥000	Total attributable to owners of the parent ¥000	Non-controlling interest ¥000	Total equity ¥000
<b>Balance at 1 October, 2013</b>	2,500,000	18,116,249	20,616,249	(2,382,424)	18,233,825	—	18,233,825
<b>Loss for the year</b>	—	—	—	(4,159,302)	(4,159,302)	—	(4,159,302)
Other comprehensive income	—	—	—	—	—	—	—
<b>Total comprehensive Loss for the year</b>	—	—	—	(4,159,302)	(4,159,302)	—	(4,159,302)
<b>Balance at 1 October, 2014</b>	2,500,000	18,116,249	20,616,249	(6,541,726)	14,074,523	—	14,074,523
<b>Loss for the year</b>	—	—	—	(14,078,794)	(14,078,794)	—	(14,078,794)
Other comprehensive income	—	—	—	—	—	—	—
<b>Total comprehensive Loss for the year</b>	—	—	—	(14,078,794)	(14,078,794)	—	(14,078,794)
<b>Balance at 30 September, 2015</b>	2,500,000	18,116,249	20,616,249	(20,620,520)	(4,271)	—	(4,271)
Note(s)	19	19	19				

The accounting policies on pages 30 to 47 and the notes on pages 48 to 70 form an integral part of the consolidated and separate financial statements.



# Consolidated and Separate Statements of Cash Flows

For the year ended 30 September, 2015

		GROUP		COMPANY		
	Note(s)	2015 ₦000	2014 ₦000	2015 ₦000	2014 ₦000	
Cash flows from operating activities						
Cash used in operations	23	(819,232)	(376,547)	(1,144,506)	(1,900,327)	
Interest income	10.1	2,613	10,398	228	6,841	
Finance costs	23.1	(2,731,563)	(2,709,889)	(2,706,951)	(2,690,098)	
Tax paid	22	(9,319)	(74,572)	(8,108)	—	
Net cash used in operating activities		(3,557,501)	(3,150,610)	(3,859,337)	(4,583,584)	
Cash flows from investing activities						
Purchase of property, plant and equipment	13	(1,313,463)	(1,113,115)	(849,014)	(631,823)	
Proceeds from sale of property, plant and equipment		2,260	23,911	2,260	393	
Proceeds from disposal of Dangote Agrosacks Limited		—	7,553,750	—	7,553,750	
Net cash (used in)/generated from investing activities		(1,311,203)	6,464,546	(846,754)	6,922,320	
Cash flows from financing activities						
Repayment of borrowings	20	(4,545,701)	(6,007,124)	(4,545,701)	(6,007,124)	
Proceeds from BOI		—	980,000	—	980,000	
Opening of letters of credit		18,770,279	21,243,615	18,770,279	21,243,615	
Repayment of letters of credit		(20,169,473)	(20,661,141)	(20,169,473)	(20,661,141)	
Proceeds from Tiger borrowings		2,800,001	7,200,000	2,800,001	7,200,000	
Working capital facilities		6,210,613	—	6,210,613	—	
Dangote Agro Sack Settlement		—	(1,928,102)	—	(873,557)	
Net cash generated from financing activities		3,065,719	827,248	3,065,719	1,881,793	
Net (decrease)/increase in cash and cash equivalents		(1,802,985)	4,141,184	(1,640,372)	4,220,529	
Cash and cash equivalents at the beginning of the year		3,164,935	(976,249)	2,736,093	(1,484,436)	
Total cash and cash equivalents at end of the year		18	1,361,950	3,164,935	1,095,721	2,736,093

The accounting policies on pages 30 to 47 and the notes on pages 48 to 70 form an integral part of the consolidated and separate financial statements.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 1. General information

### 1.1 Company information

Tiger Branded Consumer Goods Plc (the Company) is a public limited company incorporated in Nigeria. Its parent company is Tiger Brands Limited, a company listed on the Johannesburg Stock Exchange. The address of its registered office and principal place of business are disclosed in the introduction to the annual report.

The name change from Dangote Flour Mills Plc to Tiger Branded Consumer Goods Plc was approved at the 9th annual general meeting by the Shareholders of the Group through a special resolution on 31 July 2015.

### 1.2 Nature of operations

The principal activities of Tiger Branded Consumer Goods Plc and its subsidiaries ("the Group") are the milling of wheat and production of wheat products. Dangote Pasta Limited and Dangote Noodles Limited are subsidiaries of Tiger Branded Consumer Goods Plc. Tiger Branded Consumer Goods Plc produces bread flour, confectionery flour, semolina and wheat meal.

### 1.3 Accounting period

The reporting period covered by the consolidated and separate financial statements is 01 October 2014 to 30 September 2015

### 1.4 Going concern

The consolidated and separate financial statements have been prepared on a going concern basis which assumes realization of assets and discharge of liabilities in the normal course of business in the foreseeable future.

Total Group liabilities exceeded total Group assets as at 30 September, 2015 by ₦3.1 billion (In 2014, total group assets exceeded total group liabilities by ₦9.6 billion). However, group current liabilities exceeded current assets as at 30 September, 2015 by ₦17.1 billion (2014: ₦7.6 billion), not including a loan of ₦11.2 billion (2014: ₦7.5 billion) advanced by the parent company. The Group recognised a loss for the 12 months ended 30 September, 2015 of ₦12.5 billion (2014: ₦6.1 billion) which has resulted in accumulated loss of ₦23.1 billion at 30 September, 2015 (2014: ₦10.5 billion).

On 11 December 2015, the two major shareholders of the Company (Tiger Brands Limited and Dangote Industries Limited) have reached an agreement (which is conditional on the companies obtaining the necessary regulatory, corporate and contractual approvals) to recapitalize the business. The key points of the agreement are:

- The Tiger Brands Limited loan to TBCG of ₦10.25 billion will be extinguished by way of debt forgiveness to the Company.
- Tiger Brands Limited will assume the Stanbic IBTC debt of ₦5.51 billion and pay up the outstanding amount due to the bank.
- Tiger Brands Limited will transfer/sell its shares (3,283,277,052) to Dangote Industries Limited for a nominal amount (\$1) in consideration for Dangote Industries Limited injecting ₦10 billion in January in the form of a convertible (at lender's option) shareholders' loan.

In view of the proposed re-capitalisation and considering the Group's cash-flow projections for the period to 31 December 2016 and in light of the confirmation received from Dangote Industries Limited of its continued financial support of the company for at least the next 12 months, the directors are satisfied that the Company will be able to meet its obligations as they fall due for at least the 12 months following the date of signing of these financial statements, and that the Company will continue as a going concern for the foreseeable future. Hence the directors have concluded that preparation of the financial statements on a going concern basis is appropriate.

## 2. Statement of compliance with IFRS

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards.

## 3. Summary of accounting policies

### 3.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis, as explained in the accounting policies below.

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



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

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 Group 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 consolidated 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.

## 3.2 Presentation of financial statements in accordance with IAS 1 (revised 2007)

The consolidated and separate financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (revised 2007). The Group has elected to present the statement of comprehensive income in a separate statement from the statement of profit or loss.

## 3.3 Consolidation

### *Basis of consolidation*

The consolidated and separate financial statements incorporate the consolidated and separate financial statements of the Group and all its subsidiaries which are controlled by the Group.

The Group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

## ***Business combinations***

Business combinations are accounted for using the acquisition method. The value of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as charge to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

## **3.4 Interests in subsidiaries**

### ***Company separate financial statements***

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

## **3.5 Translation of foreign currencies**

### ***Functional and presentation currency***

Items included in the consolidated and separate financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated and separate financial statements are presented in Naira which is the Group's functional and presentation currency.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 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 consolidated and separate 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.

## 3.6 Segment reporting

The Group has reportable segments that comprise the structure used by the chief operating decision-maker ("CODM") to make key operating decisions and assess performance. The Group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products they manufacture and market (referred to as business segments).

The Group evaluates the performance of its reportable segments based on operating profit. The Group accounts for inter-segment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market related transaction.

The financial information of the Group's reportable segments is reported to the CODM for purposes of making decisions about allocating resources to the segment and assessing its performance.

The basis of segmental reporting has been set out in note 34.

## 3.7 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment losses. Assets subject to finance lease agreements are capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments.

Where an item of Property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate assets. Expenditure incurred on major inspection and overhaul, or to replace an item, is also accounted for separately if the recognition criteria are met.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Classes</b>	<b>Average useful life (years)</b>
Freehold land	Not depreciated
Leasehold land and buildings	50
Plant and machinery	15
Furniture and fixtures	5
Motor vehicles	4
Computer equipment	3
Tools and equipments	5

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

## 3.8 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition.

Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Unless internally generated costs meet the criteria for development costs eligible for capitalisation in terms of IAS 38 (refer to research and development costs accounting policy below), all internally generated intangible assets are expensed as incurred.

### *De-recognition of intangible assets*

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

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

## 3.9 Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.





# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## 3.10 Financial instruments

### *Classification*

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss – designated
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss – designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

### **Description of asset/liability**

Investments  
Derivatives  
Loans and advances receivable  
Loans to subsidiaries  
Trade and other receivables  
Cash and cash equivalents  
Loans payable and borrowings  
Trade and other payables  
Loans from subsidiaries

### **Classification**

Available-for-sale  
Financial instruments at fair value through profit or loss  
Loans and receivables  
Loans and receivables  
Loans and receivables  
Loans and receivables  
Financial liabilities at amortised cost  
Financial liabilities at amortised cost  
Financial liabilities at amortised cost

### ***Initial recognition and measurement***

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

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

## ***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.

Dividend income is recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

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

## ***Derecognition***

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

## ***Fair value determination***

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

## ***Impairment of financial assets***

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

## ***Financial instruments designated as available-for-sale***

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Factors taken into consideration would include external market and economic outlook reports, observable trends and cyclicity.

If an available-for-sale asset is impaired, the amount transferred from other comprehensive income to profit or loss is:

- (a) the difference between the asset's acquisition cost (net of any principal payments and amortisation); and
- (b) its current fair value, less any impairment loss previously recognised in profit or loss.

Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

## ***Loans to/(from) group companies***

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.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

## ***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 Group's accounting policy for borrowing costs.

## ***Derivatives***

Derivatives are financial instruments whose value changes in response to an underlying factor, require little or no net investment and are settled at a future date. Derivatives, other than those arising on designated hedges, are measured at fair value with changes in fair value being recognised in profit or loss.

### **3.11 Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

#### ***Raw materials***

Finished goods and work-in-progress

#### ***Weighted average cost***

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.

Consumables are written down with regard to their age, condition and utility.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### **3.12 Non-current assets held for sale and discontinued operations**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

A discontinued operation is a separate major line of business or geographical area of operation that has been disposed of, or classified as held-for-sale, as part of a single coordinated plan. Alternatively, it could be a subsidiary acquired exclusively with a view to resale. In the consolidated income statement of the reporting period and of the comparable period, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 3.13 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### ***Contingent assets***

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised as assets.

### ***Contingent liabilities***

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company. Alternatively, it may be a present obligation that arises from past events but is not recognised because an outflow of economic benefits to settle the obligation is not probable, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities unless they are acquired as part of a business combination.

## 3.14 Leases

At inception date an arrangement is assessed to determine whether it is, or contains, a lease. An arrangement is accounted for as a lease where it is dependent on the use of a specific asset and it conveys the right to use that asset.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Finance lease assets and liabilities are recognised at the lower of the fair value of the leased property or the present value of the minimum lease payments. Finance lease payments are allocated, using the effective interest method, between the lease finance cost, which is included in financing costs, and the capital repayment, which reduces the liability to the lessor.

Capitalised lease assets are depreciated in line with the Group's stated depreciation policy. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of its estimated useful life and lease term.

Operating leases are those leases which do not fall within the scope of the definition of a finance lease. Operating lease rentals are charged against trading profit on a straight-line basis over the lease term.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 3.15 Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, usually on dispatch of the goods, unless the Group is responsible for delivery, in which case the sale of goods is recognised on delivery.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable excluding value-added tax, normal discounts, rebates, settlement discounts, promotional allowances, and internal revenue which is eliminated on consolidation.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

## 3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Qualifying assets generally take two years to get ready for their intended use.

## 3.17 Tax

### *Income tax expenses*

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### *Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### *Deferred tax assets and liabilities*

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## **Value added tax**

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## **3.18 Employee benefits**

A liability is recognised when an employee has rendered services for benefits to be paid in the future, and an expense when the entity consumes the economic benefit arising from the service provided by the employee.

### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

### **Defined contribution plans**

The contribution paid by the Company is recognised as an expense. If the employee has rendered the service, but the contribution has not yet been paid, the amount payable is recognised as a liability.

### **Defined benefit plans**

For defined benefit plans, the Company's contributions were based on the recommendations of independent actuaries and the liability measured using the projected unit credit method, up to the date of cessation of the scheme.

Actuarial gains and losses were recognised in the income statement when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses were recognised over the expected average remaining working lives of the employees participating in the plans.

Past-service costs were recognised as an expense on a straight-line basis over the average period until the benefits became vested. If the benefits vested immediately following the introduction of, or changes to, a defined benefit plan, the past-service cost was recognised immediately.

On cessation of the scheme, it was agreed that the frozen liability at closure would be paid into an independently administered fund, as a contribution to a defined contribution plan.

## **3.19 Events after the reporting date**

Amounts recognised in the financial statements are adjusted to reflect significant events arising after the reporting date, but before the financial statements are authorised for issue, provided there is evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a disclosure in the notes to the financial statements.

## **4. Significant judgements and sources of estimation uncertainty**

In preparing the consolidated and separate financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated and separate financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate financial statements. Significant judgements include:





# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 4.1 Significant Judgments

### ***Revenue recognition***

In making judgment, the directors considers the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 and in particular whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods.

### ***Expected manner of realisation for deferred tax***

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Refer note 15 – Deferred tax.

### ***Trade receivables***

The Group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

The Company makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance of doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

## 4.2 Sources of estimation uncertainty

### ***Carrying value of intangible assets***

Intangible assets are tested for impairment annually or more frequently if there is an indicator of impairment. Tangible assets and finite life intangible assets are tested when there is an indicator of impairment. The calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors, such as discount rates, could also impact this calculation.

### ***Residual values and useful lives of tangible and intangible assets***

Residual values and useful lives of tangible and intangible assets are assessed on an annual basis. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future.

### ***Provisions***

Best estimates, being the amount that the Group would rationally pay to settle the obligation, are recognised as provisions at the reporting date. Risks, uncertainties and future events, such as changes in law and technology, are taken into account by management in determining the best estimates.

Where the effect of discounting is material, provisions are discounted. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which requires management estimation.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

The establishment and review of the provisions requires significant judgement by management as to whether or not a reliable estimate can be made of the amount of the obligation. The Group is required to record provisions for legal or constructive contingencies when the contingency is probable of occurring and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the reporting date.

## ***Allowance for slow moving, damaged and obsolete stock***

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgment and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

## ***Impairment of assets***

The Group assesses tangible and intangible assets, excluding goodwill, development assets not yet available for use and indefinite life intangible assets, at each reporting date for an indication that an asset may be impaired. If such an indication exists, the recoverable amount is estimated as the higher of the fair value less costs to sell and the value in use. If the carrying value exceeds the recoverable amount, the asset is impaired and is written down to the recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the hierarchy is firstly a binding arm's length sale, then the market price if the asset is traded in an active market, and lastly recent transactions for similar assets.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

The key assumptions below are based on management's experience and expectations. Based on this experience and the well-established brands the Group owns, management considers forecast cash flow periods of five years to be appropriate. The impairments recognised within the Group arose due to overcapacity within the business.

The Group applies a discounted cash flow methodology (value in use) to assess tangible assets for impairment. This methodology entails a calculation of the present value of future cash flows generated by applicable cash-generating units over a period of five years and incorporates a terminal growth rate. These cash flows have been based on the approved budget for the 2016 financial year which include assumptions on profit before interest and tax, depreciation, working capital movements, capital maintenance expenditure, an appropriate discount rate and a terminal growth rate.

The Group has calculated a weighted average cost of capital (WACC) which is utilised as a basis for performing the value-in-use calculation. The discount rate utilised for the purposes of the impairment testing is 17.6%.

In determining the growth rate, consideration is given to the growth potential of the respective CGU. As part of this assessment, a prudent outlook is adopted that mirrors an inflationary increase in line with the consumer price index and real growth expected within the specific market. Based on these factors, the nominal price growth rates applied for the purposes of the impairment testing ranges between 1% and 6%. Volume growth assumptions are based on management's best estimates of known strategies and future plans to grow the business. The terminal growth rate applied on EBITDA is 8%.

The amount of the loss recognized:

- |           |   |   |
|-----------|---|---|
| • Flour   | — | ₦1.43 billion (mothballed plant in Kano)      |
| • Pasta   | — | ₦0.68 billion (CGU based on excess capacity)  |
| • Noodles | — | ₦0.55 billion (CGU based on excess capacity). |

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 5. New Standards and Interpretations

### 5.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### ***Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities***

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.

The effective date of the amendment is for years beginning on or after 1 January, 2014.

The Group has adopted the amendment for the first time in the 2015 consolidated and separate financial statements.

The adoption of this amendment has not had a material impact on the results of the Company, but has resulted in more disclosure than would have previously been provided in the consolidated and separate financial statements.

#### ***Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets***

The amendment to IAS 36 Impairment of Assets now require:

- Disclosures to be made of all assets which have been impaired, as opposed to only material impairments,
- The disclosure of each impaired asset's recoverable amount, and
- Certain disclosures for impaired assets whose recoverable amount is fair value less costs to sell in line with the requirements of IFRS 13 Fair Value Measurement.

The effective date of the amendment is for years beginning on or after 1 January, 2014.

The Group has adopted the amendment for the first time in the 2015 consolidated and separate financial statements.

The adoption of this amendment has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the consolidated and separate financial statements.

#### ***IFRIC 21 Levies***

The interpretation provides guidance on accounting for levies payable to government. It specifies that the obligating event giving rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. A constructive obligation for levies that will be triggered by operating in future is not raised by virtue of the entity being economically compelled to operate in future or for being a going concern. Furthermore, if the obligating event occurs over a period of time, then the liability is recognised progressively. An asset is recognised if an entity has prepaid a levy before the obligating event. This accounting also applies to interim reporting.

The effective date of the interpretation is for years beginning on or after 1 January, 2014.

The Group has adopted the interpretation for the first time in the 2015 consolidated and separate financial statements.

The impact of the interpretation is not material.

#### ***Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities***

The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities.

These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The effective date of the amendments is for years beginning on or after 1 January, 2014.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

The Group has adopted the amendments for the first time in the 2015 consolidated and separate financial statements.

The adoption of this amendment has not had a material impact on the results of the Company, but has resulted in more disclosure than would have previously been provided in the consolidated and separate financial statements.

## ***Amendments to IAS 19: Defined Benefit Plans: Employee Contributions***

The amendment relates to contributions received from employees or third parties for defined benefit plans. These contributions could either be discretionary or set out in the formal terms of the plan. If they are discretionary then they reduce the service cost. Those which are set out in the formal terms of the plan are either linked to service or not. When they are not linked to service then the contributions affect the remeasurement. When they are linked to service and to the number of years of service, they reduce the service cost by being attributed to the periods of service. If they are linked to service but not to the number of years' service then they either reduce the service cost by being attributed to the periods of service or they reduce the service cost in the period in which the related service is rendered.

The effective date of the amendment is for years beginning on or after 1 July, 2014.

The Group has adopted the amendment for the first time in the 2015 consolidated and separate financial statements.

The adoption of this amendment has not had a material impact on the results of the Group, but has resulted in more disclosure than would have previously been provided in the consolidated and separate financial statements.

## ***Amendment to IFRS 8: Operating Segments: Annual improvements project***

Management are now required to disclose the judgements made in applying the aggregation criteria. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The effective date of the amendment is for years beginning on or after 1 July, 2014.

The Group has adopted the amendment for the first time in the 2015 consolidated and separate financial statements.

The impact of the amendment is not material.

## ***Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project***

The amendment adjusts the option to proportionately restate accumulated depreciation when an item of property, plant and equipment is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is then adjusted as the difference between the gross and net carrying amount.

The effective date of the amendment is for years beginning on or after 1 July, 2014.

The Group has adopted the amendment for the first time in the 2015 consolidated and separate financial statements.

The impact of the amendment is not material.

## ***Amendment to IAS 24: Related Party Disclosures: Annual improvements project***

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after 1 July, 2014.

The Group has adopted the amendment for the first time in the 2015 consolidated and separate financial statements.

The impact of the amendment is set out in notes of Changes in Accounting Policy.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## ***Amendment to IFRS 13: Fair Value Measurement: Annual improvements project***

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 1 July, 2014.

The Group has adopted the amendment for the first time in the 2015 consolidated and separate financial statements.

The adoption of this amendment has not had a material impact on the results of the Group, but has resulted in more disclosure than would have previously been provided in the consolidated and separate financial statements.

## **5.2 Standards and interpretations not yet effective**

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 October, 2015 or later periods:

### ***Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation***

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after 1 January, 2016.

The Group expects to adopt the amendment for the first time in the 2017 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.

### ***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.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January, 2017.

The Group expects to adopt the standard for the first time in the 2018 consolidated and separate financial statements.

The impact of this standard is currently being assessed.

### ***IFRS 9 Financial Instruments***

This new standard is the result of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities as well as new hedging requirements. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All short term loans receivable are to be subsequently measured at fair value.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the Group changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.
- The new hedging provisions align hedge accounting more closely with the actual risk management approach.
- Certain non-derivative financial instruments are now allowed as hedging instruments.
- Additional exposures are allowed as hedged items. These exposures include risk components of non-financial items, net positions and layer components of items, aggregated exposures combining derivative and non-derivative exposures and equity instruments at fair value through other comprehensive income.
- The hedge effectiveness criteria have been amended, including the removal of the 80%-125% "bright line test" to qualify for hedge accounting.
- The concept of rebalancing has been introduced when the hedging relationship is ineffective because the hedge ratio is no longer appropriate. When rebalancing is required, and provided the risk management objective remains the same, the hedge ratio is adjusted rather than discontinuing the hedging relationship.
- Additional disclosure requirements have been introduced for hedging.

The effective date has not yet been established as the project is currently incomplete. The IASB has communicated that the effective date will not be before years beginning on or after 1 January, 2018. IFRS 9 may be early adopted. If IFRS 9 is early adopted, the new hedging requirements may be excluded until the effective date.

The Group does not envisage the adoption of the standard until such time as it becomes applicable to the Group's operations.

The impact of this standard is currently being assessed.

## ***Amendments to IAS 1 Disclosure Initiative***

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Group's consolidated and separate financial statements.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
<b>6. Revenue</b>				
Sale of goods	48,026,674	41,268,771	36,094,021	31,704,340
<b>Analysis of revenue</b>				
Flour	34,303,737	29,809,011	36,094,021	31,704,340
Spaghetti, macaroni and other pasta products	8,366,643	5,820,371	—	—
Noodles	5,356,294	5,639,389	—	—
	<b>48,026,674</b>	<b>41,268,771</b>	<b>36,094,021</b>	<b>31,704,340</b>
<b>7. Other income</b>				
Deferred income	39,571	35,416	39,571	35,416
Sundry income	266,998	267,581	94,495	88,792
	<b>306,569</b>	<b>302,997</b>	<b>134,066</b>	<b>124,208</b>
<b>8. Impairment of assets — Property, plant and equipment, amount due by subsidiaries and investment</b>				
<b>Material impairment losses recognised</b>				
Property, plant and equipment — assets not in use	2,658,820	1,592,372	1,427,291	728,191
Impairment of amount due by subsidiaries	—	—	4,562,826	3,339,038
Impairment of investment in subsidiary	—	—	90,000	—
	<b>2,658,820</b>	<b>1,592,372</b>	<b>6,080,117</b>	<b>4,067,229</b>

Please refer to the details included in Note 4 Significant judgments and estimates — “Impairment of assets”.

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
<b>9. Operating loss</b>				
Operating loss for the year is stated after accounting for the following:				
<b>Operating lease charges</b>				
Land and buildings	296,782	241,155	206,734	185,062
Loss on sale of property, plant and equipment	13,219	—	13,219	—
Profit on sale of Dangote Agrosacks	—	—	—	(2,597,750)
Impairment on property, plant and equipment	2,658,820	1,592,372	1,427,291	728,191
Impairment on investment in subsidiary	—	—	90,000	—
Impairment on amounts due by group companies	—	—	4,562,826	3,339,038
Impairment on trade and other receivables	513,464	167,993	282,537	—
Loss/(profit) on exchange differences	115,061	5,260	115,061	—
Depreciation on property, plant and equipment	2,463,413	3,156,644	1,576,346	1,900,878
Auditors remuneration	72,050	65,500	44,220	40,200
Foreign exchange losses on borrowings	1,775,755	360,212	1,775,755	360,212
<b>Staff costs</b>				
Employee costs — Note 29	2,341,317	2,394,721	1,425,356	1,359,855
Directors remuneration — Note 31	225,985	216,822	163,915	146,070





# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

		GROUP		COMPANY	
		2015 N000	2014 N000	2015 N000	2014 N000
<b>10. Investment income</b>					
10.1 Interest income					
Bank		2,613	10,398	228	6,841
10.2. Finance costs					
Long term borrowings		2,201,639	2,108,048	2,201,639	2,108,048
Bank and other short term borrowings		1,689,891	755,140	1,665,279	735,349
		<b>3,891,530</b>	<b>2,863,188</b>	<b>3,866,918</b>	<b>2,843,397</b>
<b>11. Taxation</b>					
11.1 Major components of the tax expense (income)					
Current					
Nigerian current taxation		22,569	7,400	—	—
Deferred					
Originating and reversing temporary differences		190,528	(3,014,108)	289,378	(1,895,810)
		<b>213,097</b>	<b>(3,006,708)</b>	<b>289,378</b>	<b>(1,895,810)</b>
11.2 Reconciliation of the income tax expense to accounting loss:					
Accounting loss		<b>(12,466,208)</b>	<b>(9,285,013)</b>	<b>(13,789,416)</b>	<b>(6,055,112)</b>
Tax at the applicable tax rate of 30% (2014: 30%)		(3,739,862)	(2,785,504)	(4,136,825)	(1,816,534)
<b>Tax effect of adjustments on taxable income</b>					
Effect of income that is exempt from taxation		(93,595)	—	(93,595)	(779,325)
Effect of expenses that are not deductible in determining taxable profit		68,959	348,106	50,632	—
<b>Effect of unused tax losses or tax offsets not recognised as deferred tax assets:</b>					
— Unusuod tax losses of current year		2,058,204	—	1,855,113	—
— Unused tax losses of prior years (previously recognised)		202,823	—	202,823	—
— Unutilised capital allowances		865,850	—	563,050	—
— Impairment losses on PPE		797,646	—	428,187	—
— Impairment losses on amounts due by subsidiaries		—	—	1,368,848	1,001,711
— Impairment losses on investment in subsidiary		—	—	27,000	—
Prior year under provision		—	(534,081)	—	(259,304)
<b>Effect of different tax rates applied:</b>					
— Due to minimum tax provisions		22,641	7,400	—	—
Other items		30,431	(42,629)	24,145	(42,358)
<b>Income tax expense/(credit) recognised in profit or loss</b>		<b>213,097</b>	<b>(3,006,708)</b>	<b>289,378</b>	<b>(1,895,810)</b>

The charges for taxation in these financial statements were based on the provisions of the Companies Income Taxation Act, CAP C21, LFN 2004 as amended and the Education Tax Act, CAP E4, LFN, 2004.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 12. Loss per share

### 12.1 Loss per share

Basic loss per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
<b>Basic loss per share</b>				
From continuing operations (kobo per share)	(250.54)	(124.26)	(281.58)	(83.19)
From discontinued operations (kobo per share)	—	(0.14)	—	—
	<b>(250.54)</b>	<b>(124.40)</b>	<b>(281.58)</b>	<b>(83.19)</b>
<b>Total comprehensive loss for the year attributable to ordinary shareholders</b>				
Continuing operations	(12,527,146)	(6,212,863)	(14,078,794)	(4,159,302)
Discontinued operations	—	(7,042)	—	—
	<b>(12,527,146)</b>	<b>(6,219,905)</b>	<b>(14,078,794)</b>	<b>(4,159,302)</b>
<b>Weighted average number of ordinary shares (million)</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>

Diluted loss per share is equal to basic loss per share because there are no dilutive potential ordinary shares in issue.

No ordinary share transactions or potential transactions occurred after the reporting date that would have changed the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the reporting date.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 13. Property, plant and equipment

<b>GROUP</b>					
<b>(₹'000)</b>	<b>Leasehold land and buildings</b>	<b>Plant, vehicles and equipment</b>	<b>Computer and office equipment</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost</b>					
At 1 October, 2013	6,635,072	40,355,878	602,816	1,689,345	49,283,111
Additions	138,200	385,540	121,338	468,037	1,113,115
Disposals	—	(128,595)	(12,212)	—	(140,807)
Transfers	44,516	1,509,366	20,635	(1,574,517)	—
Impairment	—	(5,642,935)	—	—	(5,642,935)
Balance at 30 September, 2014	6,817,788	36,479,254	732,577	582,865	44,612,484
Additions	68,315	735,320	67,421	442,407	1,313,463
Disposals	—	(148,606)	(4,557)	—	(153,163)
Transfers	94,100	292,789	129,263	(516,152)	—
Adjustments	—	—	—	508,677	508,677
Impairment	—	(6,124,477)	—	—	(6,124,477)
<b>Balance at 30 September, 2015</b>	<b>6,980,203</b>	<b>31,234,280</b>	<b>924,704</b>	<b>1,017,797</b>	<b>40,156,984</b>
<b>Accumulated depreciation and impairment</b>					
At 1 October, 2013	618,713	18,181,044	480,897	—	19,280,654
Depreciation	198,349	2,875,239	83,056	—	3,156,644
Disposals	—	(108,749)	(8,147)	—	(116,896)
Impairment	—	(4,050,563)	—	—	(4,050,563)
Balance at 30 September, 2014	817,062	16,896,971	555,806	—	18,269,839
Depreciation	141,780	2,267,109	54,524	—	2,463,413
Disposals	—	(134,873)	(2,811)	—	(137,684)
Impairment	—	(3,465,657)	—	—	(3,465,657)
<b>Balance at 30 September, 2015</b>	<b>958,842</b>	<b>15,563,550</b>	<b>607,519</b>	<b>—</b>	<b>17,129,911</b>
<b>Carrying amount</b>					
Balance at 30 September, 2014	6,000,726	19,582,283	176,771	582,865	26,342,645
<b>Balance at 30 September, 2015</b>	<b>6,021,361</b>	<b>15,670,730</b>	<b>317,185</b>	<b>1,017,797</b>	<b>23,027,073</b>

During the year ended 30 September, 2015, impairment charge in relation to the group's property, plant and equipment of Tiger Branded Consumer Goods Plc, Dangote Pasta and Dangote Noodles of ₹1.43 billion, ₹0.68 billion and ₹0.55 billion (2014: ₹0.73 billion, ₹0.74 billion, ₹0.12 billion) respectively were reported. The impairment charges were primarily driven by entities being in a loss making position and having significant level of under-utilized assets. The recoverable amount and impairment loss of the assets are based on volume projections and capacity utilization over five years.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 13. Property, plant and equipment (continued)

COMPANY					
(₹'000)	Leasehold land and buildings	Plant, vehicles and equipment	Computer and office equipment	Assets under construction	Total
<b>Cost</b>					
At 1 October, 2013	5,543,972	22,890,841	353,363	1,508,060	30,296,236
Additions	77,447	226,873	106,195	221,308	631,823
Disposals	—	(5,277)	(2,228)	—	(7,505)
Transfers	—	1,451,443	—	(1,451,443)	—
Impairment	—	(2,723,466)	—	—	(2,723,466)
Balance at 30 September, 2014	5,621,419	21,840,414	457,330	277,925	28,197,088
Additions	65,760	616,092	74,774	92,388	849,014
Disposals	—	(142,282)	(4,557)	—	(146,839)
Transfers	16,645	126,449	90,888	(233,982)	—
Adjustments	—	—	—	508,677	508,677
Impairment	—	(4,892,948)	—	—	(4,892,948)
<b>Balance at 30 September, 2015</b>	<b>5,703,824</b>	<b>17,547,725</b>	<b>618,435</b>	<b>645,008</b>	<b>24,514,992</b>
<b>Accumulated depreciation and impairment</b>					
At 1 October, 2013	507,349	12,160,087	277,748	—	12,945,184
Depreciation	111,194	1,740,748	48,936	—	1,900,878
Disposals	—	(4,983)	(2,129)	—	(7,112)
Impairment	—	(1,995,275)	—	—	(1,995,275)
Balance at 30 September, 2014	618,543	11,900,577	324,555	—	12,843,675
Depreciation	117,231	1,387,370	71,745	—	1,576,346
Disposals	—	(128,549)	(2,811)	—	(131,360)
Impairment	—	(3,465,657)	—	—	(3,465,657)
<b>Balance at 30 September, 2015</b>	<b>735,774</b>	<b>9,693,741</b>	<b>393,489</b>	<b>—</b>	<b>10,823,004</b>
<b>Carrying amount</b>					
Balance at 30 September, 2014	5,002,876	9,939,837	132,775	277,925	15,353,413
<b>Balance at 30 September, 2015</b>	<b>4,968,050</b>	<b>7,853,984</b>	<b>224,946</b>	<b>645,008</b>	<b>13,691,988</b>

During the year ended 30 September, 2015, impairment charge in relation to the company's property, plant and equipment of ₹1.43 billion (2014: ₹0.73 billion) respectively was reported. The impairment charges was primarily driven by the entity being in a loss making position and having significant level of under-utilized assets. The recoverable amount and impairment loss of the assets are based on volume projections and capacity utilization over five years.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 14. Investment in subsidiaries

COMPANY							
Name of company	Place of incorporation and operation	% voting 2015	% voting 2014	% holding power 2015	% holding power 2014	Carrying amount	Carrying amount
						2015 N'000	2014 N'000
Dangote Noodles Limited	Nigeria	90.00 %	90.00 %	90.00 %	90.00 %	90,000	90,000
Dangote Pasta Limited	Nigeria	99.00 %	99.00 %	99.00 %	99.00 %	2,507,637	2,507,637
						2,597,637	2,597,637
Impairment of investment in Dangote Noodles Limited		— %	— %	— %	— %	(90,000)	—
						<b>2,507,637</b>	<b>2,597,637</b>

In 2007, the Company acquired a controlling interest in Dangote Pasta Limited and in 2008 acquired a controlling interest in Dangote Noodles Limited.

The investments were assessed for impairment by evaluating net asset values of the subsidiary companies using cost and income valuation techniques. The fair value measurement took into account the ability of the Group to generate economic benefits from the entities by using their plants and assets in their highest and best use.

The principal activity of the subsidiaries are as follows:

**Dangote Pasta Limited** — Manufacture and sale of pasta products.

**Dangote Noodles Limited** — Manufacture and sale of noodles products.

### 14.1 Details of non-wholly owned subsidiaries with non-controlling interests

Subsidiaries	Country of incorporation	% Ownership interest held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Dangote Pasta Limited	Nigeria	1	1	(19,242)	(24,510)	(49,067)	(29,825)
Dangote Noodles Limited	Nigeria	10	10	(132,917)	(40,933)	(586,237)	(453,320)
Dangote Agrosacks Limited	Nigeria	—	—	—	1,821	—	—
Agrosacks Obajana Limited	Nigeria	—	—	—	174,018	—	—
				<b>(152,159)</b>	<b>110,396</b>	<b>(635,304)</b>	<b>(483,145)</b>

	GROUP		COMPANY	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
<b>14.2 Amounts owed by/(to) group companies</b>				
<b>Loans receivable from subsidiaries — Held directly</b>				
<b><i>Dangote Pasta Limited</i></b>				
Amounts due by subsidiary			18,424,792	16,293,232
Impairment			(5,342,246)	(3,339,038)
			<b>13,082,546</b>	<b>12,954,194</b>
<b><i>Dangote Noodles Limited</i></b>				
Amounts due by subsidiary			2,559,618	2,874,945
Impairment			(2,559,618)	—
			<b>—</b>	<b>2,874,945</b>
<b>Carrying amount</b>			<b>13,082,546</b>	<b>15,829,139</b>



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 15. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
Deferred tax liability	(1,486,995)	(1,470,936)	(1,486,995)	(1,470,936)
Deferred tax asset	4,753,851	4,928,320	2,529,199	2,802,518
<b>Total net deferred tax asset</b>	<b>3,266,856</b>	<b>3,457,384</b>	<b>1,042,204</b>	<b>1,331,582</b>

Assessed losses available for offset against future taxable income have been recognised as it is probable that there will be future taxable income against which the assessed loss may be utilised, based on best estimate cashflows.

### 15.1 Reconciliation of deferred tax asset/(liability)

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
<b>Balance at beginning of year:</b>				
Deferred tax asset	4,928,320	2,896,527	2,802,518	1,829,016
Deferred tax liability	(1,470,936)	(2,453,251)	(1,470,936)	(2,393,244)
	3,457,384	443,276	1,331,582	(564,228)
Temporary differences: deferred tax asset	—	2,091,801	—	973,502
Temporary differences: deferred tax asset/(liability)	(190,528)	922,307	(289,378)	922,308
	3,266,856	3,457,384	1,042,204	1,331,582

### 15.2 Recognition of deferred tax asset

#### *Analysis of deferred tax asset balances:*

Property, plant and equipment	1,557,616	1,487,595	—	—
Gratuity	49,512	49,512	—	—
Allowance for bad debt	983,552	1,024,188	703,792	773,930
Losses	2,163,171	2,365,995	1,825,407	2,028,230
Others	—	1,030	—	358
	4,753,851	4,928,320	2,529,199	2,802,518

### 15.3 Analysis of deferred tax liabilities

Property, plant and equipment	1,486,995	1,470,936	1,486,995	1,470,936
-------------------------------	-----------	-----------	-----------	-----------

### 15.4 Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

Deferred tax on assessed losses	3,402,794	713,580	2,486,123	—
---------------------------------	-----------	---------	-----------	---



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 15. Deferred tax (continued)

### 15.5 Analysis of movement in deferred tax balances

<b>GROUP</b>					
<b>₹'000</b>	<b>Property, plant and equipment</b>	<b>Gratuity</b>	<b>Other provisions</b>	<b>Losses</b>	<b>Total</b>
At 1 October, 2013	(1,857,710)	49,512	872,741	1,378,733	443,276
Profit and loss	—	—	—	—	—
Held for sale	1,874,370	—	152,477	987,261	3,014,108
Year ended 30 September, 2014	16,660	49,512	1,025,218	2,365,994	3,457,384
Profit and loss	54,033	—	(41,738)	(202,823)	(190,528)
Held for sale	—	—	—	—	—
<b>Year ended 30 September, 2015</b>	<b>70,693</b>	<b>49,512</b>	<b>983,480</b>	<b>2,163,171</b>	<b>3,266,856</b>

<b>COMPANY</b>					
<b>₹'000</b>	<b>Property, plant and equipment</b>	<b>Gratuity</b>	<b>Other provisions</b>	<b>Losses</b>	<b>Total</b>
At 1 October, 2013	(2,393,244)	—	603,901	1,225,115	(564,228)
Profit and loss	922,308	—	170,387	803,115	1,895,810
Held for sale	—	—	—	—	—
Year ended 30 September, 2014	(1,470,936)	—	774,288	2,028,230	1,331,582
Profit and loss	(16,059)	—	(70,496)	(202,823)	(289,378)
Held for sale	—	—	—	—	—
<b>Year ended 30 September, 2015</b>	<b>(1,486,995)</b>	<b>—</b>	<b>703,792</b>	<b>1,825,407</b>	<b>1,042,204</b>

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2015 ₹000</b>	<b>2014 ₹000</b>	<b>2015 ₹000</b>	<b>2014 ₹000</b>
<b>16. Inventories</b>				
Raw materials	3,015,421	3,008,046	2,730,435	2,360,469
Finished goods	564,400	841,305	238,362	536,364
Engineering spares and other stock	2,197,938	1,942,305	1,230,860	1,411,069
Total inventories	5,777,759	5,791,656	4,199,657	4,307,902
Inventories write-downs (slow moving)	(38,889)	(362,597)	(16,028)	(255,354)
	<b>5,738,870</b>	<b>5,429,059</b>	<b>4,183,629</b>	<b>4,052,548</b>

Inventory is carried at the lower of cost and net realisable value.

**Group:** The amount of write-down of inventories recognised as an expense is ₹39 million (2014: ₹363 million). This expense is included in cost of sales. Inventory recognised as an expenses during the period totalled ₹37.8 billion (2014: ₹30.7 billion) — See Note 36.

**Company:** The amount of write-down of inventories recognised as an expense is ₹16 million (2014: ₹255 million). This expense is included in cost of sales. Inventory recognised as an expenses during the period totalled ₹29.6 billion (2014: ₹25.9 billion) — See Note 36.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
<b>17. Trade and other receivables</b>				
Trade receivables	10,169,754	11,710,089	8,323,287	9,795,324
Staff debtors	69,685	76,447	63,728	67,078
Prepayments	553,740	542,041	470,726	449,873
Supplier advance	1,072,065	972,399	596,924	835,951
VAT receivable	52,459	69,463	—	—
Other receivables	552,849	367,967	93,637	104,666
<i>Total trade and other receivables</i>	<i>12,470,552</i>	<i>13,738,406</i>	<i>9,548,302</i>	<i>11,252,892</i>
Impairment allowance: Trade receivables	(6,731,238)	(6,217,776)	(5,680,962)	(5,398,425)
Impairment allowance: Other receivables	(636,917)	(586,640)	(636,917)	(586,640)
<b>Net trade and other receivables</b>	<b>5,102,397</b>	<b>6,933,990</b>	<b>3,230,423</b>	<b>5,267,827</b>

The average credit period granted to customers is 30 days. Trade receivables which generally have 30-60 day terms, are non-interest bearing and are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Before accepting a new customer the Group and the Company initially trades with the customer on a cash basis to assess the customer's ability and also determine the customer's transaction volumes. This enables a reasonable credit limit to be set. Once these are determined, the customer is then allowed to apply for a credit facility from the company through a rigorous process with several levels of approval.

## 17.1 Trade and other receivables past due but not impaired

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
The ageing of amounts past due but not impaired is as follows:				
Current to 60 days	3,074,630	5,297,602	2,306,480	4,304,157
61 — 90 days	73,696	115,852	48,877	77,776
91 — 180 days	63,544	46,806	60,322	7,093
Over 180 days	226,646	32,053	226,646	7,873
	<b>3,438,516</b>	<b>5,492,313</b>	<b>2,642,325</b>	<b>4,396,899</b>
<b>17.2 Trade receivables impaired (ageing)</b>				
The ageing of trade receivables is as follows:				
Current to 60 days	48,722	—	—	—
61 — 90 days	23,155	—	—	—
91 — 180 days	29,867	—	26,803	—
181 — 365 days	76,870	—	—	—
Over 365 days	6,552,624	6,217,776	5,654,159	5,398,425
	<b>6,731,238</b>	<b>6,217,776</b>	<b>5,680,962</b>	<b>5,398,425</b>
<b>17.3 Impairment allowance (Trade and other receivables)</b>				
Opening balance	6,804,416	6,754,093	5,985,065	6,036,407
Amounts written off as uncollectable	—	(51,342)	—	(51,342)
Raised during the year	563,739	101,665	332,814	—
	<b>7,368,155</b>	<b>6,804,416</b>	<b>6,317,879</b>	<b>5,985,065</b>



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

Allowance is made when there is objective evidence that the Company will not be able to collect the debts. The allowance raised is the amount needed to reduce the carrying value to the present value of expected future cash receipts. Bad debts are written off when identified.

Amounts past due but not impaired greater than 180 days are covered by an indemnity of ₦105 million (2014: ₦1.7 billion) provided by Dangote Industries Limited and hence not provided for.

	GROUP		COMPANY	
	2015 ₦000	2014 ₦000	2015 ₦000	2014 ₦000
<b>17.4 Concentration of risk</b>				
Of the trade receivables balance at the end of the year, the amounts due from the top three customers in the Group and Company are:				
Company A	466,462	1,048,004	333,405	265,258
Company B	355,938	878,784	231,866	163,359
Company C	291,631	664,792	188,943	139,628
	<b>1,114,031</b>	<b>2,591,580</b>	<b>754,214</b>	<b>568,245</b>

These balances are recent and the accounts are active hence no provision applied

	GROUP		COMPANY	
	2015 ₦000	2014 ₦000	2015 ₦000	2014 ₦000
<b>18. Cash and bank balances</b>				
Cash and cash equivalents consist of:				
Cash and bank balances	3,317,838	4,547,552	2,840,572	4,118,711
Bank overdraft	(1,955,888)	(1,382,617)	(1,744,851)	(1,382,618)
	<b>1,361,950</b>	<b>3,164,935</b>	<b>1,095,721</b>	<b>2,736,093</b>
<b>19. Share capital and premium</b>				
<b>Authorised</b>				
6,000,000,000 ordinary shares of 50k each	3,000,000	3,000,000	3,000,000	3,000,000
<b>Issued</b>				
5,000,000,000 ordinary share of 50k each	2,500,000	2,500,000	2,500,000	2,500,000
Share premium	18,116,249	18,116,249	18,116,249	18,116,249
	<b>20,616,249</b>	<b>20,616,249</b>	<b>20,616,249</b>	<b>20,616,249</b>
<b>20. Borrowings</b>				
<b>Held at amortised cost</b>				
Term borrowings	38,868,987	32,327,173	36,631,790	30,288,437
<b>Non-current liabilities</b>				
At amortised cost	999,908	5,044,448	999,908	5,044,448
<b>Current liabilities</b>				
At amortised cost	37,869,079	27,282,725	35,631,882	25,243,989
	<b>38,868,987</b>	<b>32,327,173</b>	<b>36,631,790</b>	<b>30,288,437</b>
<b>20.1 Term borrowings</b>				
Balance at the beginning of the year	9,534,904	14,562,028	9,534,904	14,562,028
Additions to loan	—	980,000	—	980,000
Repayment	(4,545,701)	(6,007,124)	(4,545,701)	(6,007,124)
<b>Balance at end of the year</b>	<b>4,989,203</b>	<b>9,534,904</b>	<b>4,989,203</b>	<b>9,534,904</b>
Long term portion	999,908	5,044,448	999,908	5,044,448
Short term portion	3,989,295	4,490,456	3,989,295	4,490,456



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
<b>20.2 Short term borrowings (Current)</b>				
Unsecured loans — Note 20.3	321,165	250,000	—	—
Amount due to related parties — Note 24.1	16,719,170	12,660,658	14,803,138	10,871,922
Letters of credit for wheat purchases	10,628,836	9,881,611	10,628,836	9,881,611
Short term portion of long term loans	3,989,295	4,490,456	3,989,295	4,490,456
Working capital facility	6,210,613	—	6,210,613	—
	<b>37,869,079</b>	<b>27,282,725</b>	<b>35,631,882</b>	<b>25,243,989</b>

## 20.3 Unsecured loan

A subsidiary of the Company, Dangote Noodles Limited previously obtained a loan of ₦250 million from Dangote Industries Limited at a fixed interest rate of 8% per annum. There is no fixed period of payment and the amount is payable on demand.

## 20.4 Foreign exchange losses

Currency devaluation impact of ₦1.8 billion (2014: 360 million) recognised in the statement of profit or loss as an abnormal item represents:

- Foreign exchange losses impact on open LCs — ₦2.2 billion (2014: Nil)
- Revaluation gain on Tiger loan — ₦427 million (2014: 360 million).

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
<b>21. Trade and other payables</b>				
Trade payables	906,702	1,002,902	45,760	27,382
Customers' deposits	1,494,764	2,076,219	1,101,238	1,593,384
Accrued expenses	4,199,909	4,965,008	2,282,856	3,032,887
Withholding tax	243,241	297,420	142,213	159,822
Other payables	2,357,932	723,503	2,162,339	781,008
Pension payable	30,602	57,157	12,683	33,385
Retirement benefits payable	696,609	719,146	596,879	570,157
	<b>9,929,759</b>	<b>9,841,355</b>	<b>6,343,968</b>	<b>6,198,025</b>
<b>21.1 Fair value of trade and other payables</b>				
The carrying amount approximates fair value.				
<b>21.2 Pension payable</b>				
Opening balance	57,157	16,440	33,385	19,931
Interest accrued	134,976	237,355	72,791	156,292
Benefits paid from company	(161,531)	(196,638)	(93,493)	(142,838)
	<b>30,602</b>	<b>57,157</b>	<b>12,683</b>	<b>33,385</b>
<b>21.3 Retirement benefit payable</b>				
Opening balance	719,146	809,733	570,157	644,697
Interest accrued	70,290	73,360	61,016	61,170
Benefits paid by the company	(92,827)	(163,947)	(34,294)	(135,710)
	<b>696,609</b>	<b>719,146</b>	<b>596,879</b>	<b>570,157</b>

The average credit period on purchases is 30 days. No interest is charged on the trade payables from the date of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms.

The outstanding balance for retirement benefit of ₦697 million (2014: ₦719 million) accrued interest at 10%.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

	GROUP		COMPANY	
	2015 N000	2014 N000	2015 N000	2014 N000
<b>22. Current tax payable</b>				
Balance at the beginning of the year	171,276	238,448	149,204	149,204
Provisions for the year	22,569	7,400	—	—
Payments during the year	(9,319)	(74,572)	(8,108)	—
<b>Balance at end of the year</b>	<b>184,526</b>	<b>171,276</b>	<b>141,096</b>	<b>149,204</b>
<b>23. Cash used in operations</b>				
<i>Loss before taxation</i>	(12,466,208)	(9,285,013)	(13,789,416)	(6,055,112)
<b>Adjustments for:</b>				
Depreciation	2,463,413	3,156,644	1,576,346	1,900,878
Loss on sale of assets	13,219	—	13,219	—
Profit on disposal of subsidiaries	—	—	—	(2,597,750)
Interest received	(2,613)	(10,398)	(228)	(6,841)
Finance costs	3,891,530	2,863,188	3,866,918	2,843,397
Foreign exchange losses	1,775,755	360,212	1,775,755	360,212
Impairment loss	2,658,820	1,592,372	6,080,117	4,067,229
Loss on obsolete assets written off to profit or loss	—	362,597	—	255,354
Allowance for doubtful debts	513,464	167,993	282,537	—
Profit from discontinued operations	—	168,797	—	—
Fair value re-measurements of assets held for sale	—	187,354	—	—
Fair valuation on LC	109,280	—	109,280	—
Allowance for other receivables	50,277	—	50,277	—
Monthly management fees from Tiger	215,688	299,661	215,688	299,661
<b>Changes in working capital:</b>				
Inventories	(309,811)	3,580,802	(131,081)	3,378,489
Trade and other receivables	394,357	(1,837,114)	862,509	(1,306,112)
Amount due by group companies	—	—	(1,816,308)	(1,897,199)
Short term loans receivables	(483,620)	436,634	(458,640)	(253,321)
Trade and other payables	357,217	(2,420,276)	218,521	(2,889,212)
<b>Total working capital</b>	<b>(41,857)</b>	<b>(239,954)</b>	<b>(1,324,999)</b>	<b>(2,967,355)</b>
	<b>(819,232)</b>	<b>(376,547)</b>	<b>(1,144,506)</b>	<b>(1,900,327)</b>

## Significant Non-Cash transactions

23.1 Finance costs paid which are included in Operating Cash flow section of the Cash Flow Statement exclude ₦1.159 billion (2014: ₦153 million) interest accrued on the Tiger borrowings.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

	GROUP		COMPANY	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
<b>24. Related parties</b>				
<b>24.1 Related party balances</b>				
<i>Amount due from related parties</i>				
Dangote Cement Plc	71,528	24,014	—	—
Dangote Industries Limited	5,814,268	6,048,688	2,905,488	3,066,999
Dangote Textiles Nigeria Limited	51,000	51,000	51,000	51,000
Dangote Foundation	57,912	58,512	—	—
Dangote Freight Limited	13,758	13,758	—	—
UAC Foods	333,405	—	333,405	—
Dangote Fisheries Nigeria Limited	1,500	1,500	1,500	1,500
Deli Foods Limited	991,327	475,162	933,802	475,162
DIL Strategic Service	132,966	—	105,951	—
Impairment allowance	(52,711)	(52,711)	(52,711)	(52,711)
	<b>7,414,953</b>	<b>6,619,923</b>	<b>4,278,435</b>	<b>3,541,950</b>
<i>Amount due to related parties</i>				
Dangote Cement Plc	493,163	575,047	331,997	404,382
Dangote Industries Limited	1,528,170	1,454,141	13,296	—
National Salt Company of Nigeria Plc	28,763	12,046	—	—
Dangote Sugar Refinery Plc	263,392	284,978	193,869	209,228
Dangote Nigeria Limited	68,061	68,061	68,061	68,061
Dangote Transport Nigeria Limited	1,779,602	1,779,602	1,779,602	1,779,602
Greenview Development Nigeria Limited	815,517	528,446	815,517	528,446
Dancom Technologies Limited	426,763	284,577	293,934	213,785
Dangote Agrosacks Limited	22,677	107,802	22,677	107,802
Bluestar Shipping Company	25,993	42,931	25,993	42,931
Dangote Port Operations	17,520	17,520	17,520	17,520
Tiger Brands Limited	11,240,672	7,500,165	11,240,672	7,500,165
DIL Strategic Service	8,877	—	—	—
Other	—	5,342	—	—
	<b>16,719,170</b>	<b>12,660,658</b>	<b>14,803,138</b>	<b>10,871,922</b>

## 24.2 Related party transactions

- Tiger Brands is the Group's parent company. The amount owed is interest bearing at 11%.
- Deli Foods Limited is a related party under common control of Tiger Brands Limited and buys flour (raw material) from Tiger Branded Consumer Goods Plc.
- UAC Foods is a related party under common control of Tiger Brands Limited and buys flour (raw material) from Tiger Branded Consumer Goods Plc.
- Dangote Industries Limited is a related company through shareholding in Tiger Branded Consumer Goods Plc. It provides strategic management services.
- Dangote Cement Plc is a related company through control by Dangote Industries Limited.
- Dangote Foundation is a related company through control by Dangote Industries Limited and buys pasta and noodles products from the Company's subsidiaries.
- Dangote Sugar Refinery Plc is a related company through control by Dangote Industries Limited and provides power and LPFO (Low Pour Fuel Oil) to some of the Company's mills.
- Dangote Nigeria Ltd is a related party through control by Dangote Industries Limited.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

- Dangote Transport Nigeria Limited and Dangote Freight Limited are related parties through control by Dangote Industries Limited and provides haulage services to the Company and the Group.
- Greenview Development Nigeria Limited is a related party through control by Dangote Industries Limited and provides leased property during the period under review.
- National Salt Company of Nigeria Plc is a related company through control by Dangote Industries Limited.
- Dancom Technologies Limited is a related party through control by Dangote Industries Limited. They provide the Group with information technology services.
- Dangote Agrosacks Limited is a related party through control by Dangote Industries Limited and sells packaging materials to Tiger Branded Consumer Goods Group.
- Bluestar Shipping Company is a related party through control by Dangote Industries Limited and provide shipping agency services to Tiger Branded Consumer Goods Group.
- Dangote Port Operations is a related company through control by Dangote Industries Limited and they manage terminals used by the Group for its operations.
- Dangote Textiles Nigeria Limited is a related company through control by Dangote Industries Limited. No transactions were concluded during the period under review.

	GROUP		COMPANY	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
<b>25. Financial assets by category</b>				
<i>Loans and receivables</i>				
Amount due by group companies	—	—	13,082,546	15,829,139
Short term loans receivables	7,414,953	6,619,923	4,278,435	3,541,950
Trade and other receivables	5,102,397	6,933,990	3,230,423	5,267,827
Cash and cash equivalents	3,317,838	4,547,552	2,840,572	4,118,711
	<b>15,835,188</b>	<b>18,101,465</b>	<b>23,431,976</b>	<b>28,757,627</b>
<b>26. Financial liabilities by category</b>				
<i>Financial liabilities at amortised cost</i>				
Borrowings	38,868,987	32,327,173	36,631,790	30,288,437
Trade and other payables	9,929,759	9,841,355	6,343,968	6,198,025
Bank overdraft	1,955,888	1,382,617	1,744,851	1,382,618
	<b>50,754,634</b>	<b>43,551,145</b>	<b>44,720,609</b>	<b>37,869,080</b>

## 27. Risk management

### 27.1 Capital management

The Group manages its capital structure, calculated as equity plus net debt and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Group's risk management committee reviews the capital structure of the Group on a frequent basis. A part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has put in place measures to improve on current gearing ratios.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.





# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 27. Risk management (continued)

		GROUP		COMPANY	
		2015 M'000	2014 M'000	2015 M'000	2014 M'000
The gearing ratio at 2015 and 2014 respectively were as follows:					
<b>Total borrowings</b>					
Borrowings	20	38,868,987	32,327,173	36,631,790	30,288,437
Less: Amount due to related parties	20.2	(16,719,170)	(12,660,658)	(14,803,138)	(10,871,922)
		<b>22,149,817</b>	<b>19,666,515</b>	<b>21,828,652</b>	<b>19,416,515</b>
Less: Cash and cash equivalents	18	1,361,950	3,164,935	1,095,721	2,736,093
Net debt		20,787,867	16,501,580	20,732,931	16,680,422
Total equity		(3,071,173)	9,608,132	(4,271)	14,074,523
		<b>17,716,694</b>	<b>26,109,712</b>	<b>20,728,660</b>	<b>30,754,945</b>
Gearing ratio		(6.77)	1.72	(4,854.35)	1.19

### 27.2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, procurement risk, interest rate risk and price risk), credit risk and liquidity risk as detailed below.

The Group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising principally as a result of commodity price, currency and interest rate fluctuations. The use of derivatives for the hedging of firm commitments against commodity price, foreign currency and interest rate exposures must be approved by the Board of Directors. Significant finance obtained is approved by the Board of Directors. The Group finances its operations through a combination of retained surpluses, bank borrowings and long term loans.

### 27.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables (customers) and investment securities.

The potential concentration of credit risk consists mainly of other receivables and cash and cash equivalents. The Group limits its counterparty exposures from its cash and cash equivalents by dealing only with well established financial institutions of a high quality credit standing. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Credit risk in respect of the Group's customer base is controlled by the application of credit limits and credit monitoring procedures. Certain significant receivables are monitored on a daily basis. Where appropriate, credit guarantee insurance is obtained. The Group's credit exposure in respect of its customer base is represented by the net aggregate balance of amounts receivable. Concentrations of credit risk (ageing analysis of trade receivables) are disclosed in Note 17.

Financial assets exposed to credit risk at year end were as follows:

		GROUP		COMPANY	
		2015 M'000	2014 M'000	2015 M'000	2014 M'000
<b>Financial instrument</b>					
Trade and other receivables		5,102,397	6,933,990	3,230,423	5,267,827
Cash and bank balances		3,317,838	4,547,552	2,840,572	4,118,711



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 27. Risk management (continued)

### 27.4 Procurement risk (commodity price risk)

Commodity price risk arises from the Group being subject to raw materials price fluctuations caused by supply conditions, weather, economic conditions and other factors. The strategic raw materials acquired by the Group include wheat and polypropylene.

The Group uses derivative instruments to reduce the volatility of commodity input strategic raw materials. Derivative contracts are taken out in order only to match an underlying physical requirement for the raw materials. The Group does not enter into “naked” derivative contracts.

### 27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group’s approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash on demand to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Group manages its liquidity risk by monitoring weekly cash flows and ensuring that adequate cash is available or borrowing facilities with shareholders and holding company structures are accessible and maintained.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company will be required to pay. The table includes both interest and principal cash flows.

GROUP	0 – 6 months N’000	7–12 months N’000	1–5 years N’000	Over 5 years N’000	Total N’000
<b>At 30 September, 2015</b>					
Borrowings	19,459,735	6,847,507	12,561,745	—	38,868,987
Trade and other payables	9,929,759	—	—	—	9,929,759
Bank overdraft	1,955,888	—	—	—	1,955,888
<b>At 30 September, 2014</b>					
Borrowings	16,242,265	7,192,957	8,558,618	333,333	32,327,173
Trade and other payables	9,841,355	—	—	—	9,841,355
Bank overdraft	1,382,617	—	—	—	1,382,617
<b>COMPANY</b>					
<b>At 30 September, 2015</b>					
Borrowings	19,459,735	4,931,475	12,240,580	—	36,631,790
Trade and other payables	6,343,968	—	—	—	6,343,968
Bank overdraft	1,744,851	—	—	—	1,744,851
<b>At 30 September, 2014</b>					
Borrowings	20,490,092	4,588,551	5,209,794	—	30,288,437
Trade and other payables	6,198,025	—	—	—	6,198,025
Bank overdraft	1,382,618	—	—	—	1,382,618

### 27.6 Interest rate risk

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits as well as bank borrowings. Some bank loans and the loan from parent company (Tiger Brands Limited) are linked to MPR and Africa prime margin respectively. The effect of 1% fluctuation in the interest rates on these loans would have an impact of N110 million per annum.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 27.7 Foreign exchange risk

The Group has currency exposure arising from purchases of raw material (wheat) and goods and services in currencies other than the reporting currency. The Group is exposed to the extent of exchange rate fluctuation on its outstanding balances under letters of credit. The level of foreign currency risk is monitored regularly by management.

### Foreign currency exposure at the end of the reporting period

	GROUP		COMPANY	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
<b>Liabilities</b>				
Short term financial liabilities (US Dollar)	10,628,836	9,881,611	10,628,836	9,881,611
Short term financial liabilities (ZAR)	11,240,672	7,500,000	11,240,672	7,500,000

As at 30 September, 2015, the effect of a 5% fluctuation in the exchange rate would result in a corresponding movement in the Naira value of the financial liabilities held in US dollars of ₦531 million (2014: ₦494 million) and in ZAR of ₦562 million (2014: ₦375 million).

## 28. Fair value information

Financial instruments are normally held by the Group until they close out in the normal course of business. There are no significant differences between carrying values and fair values of financial assets and liabilities. Trade and other receivables, investments and loans and trade and other payables carried on the statement of financial position approximate the fair values thereof. Long-term and short-term borrowings are measured at amortised cost using the effective interest method and the carrying amounts approximate their fair value.

The Group used techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data for determining and disclosing the fair value of financial instruments.

## 29. Employee costs

The following items are included within employee benefits expense:

	GROUP		COMPANY	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
<b>Direct employee costs</b>				
Salaries, wages and other allowances	1,080,757	950,440	607,646	513,867
<b>Indirect employee costs</b>				
Salaries, wages and other allowances	1,039,052	1,249,836	688,165	700,061
<b>Other staff costs</b>				
Medical aid — company contributions	86,532	66,554	56,754	66,554
Post-employment benefits — Pension — Defined contribution plan	134,976	127,891	72,791	79,373
	<b>221,508</b>	<b>194,445</b>	<b>129,545</b>	<b>145,927</b>
<b>Total employee costs</b>				
Direct employee costs	1,080,757	950,440	607,646	513,867
Indirect employee costs	1,039,052	1,249,836	688,165	700,061
Other staff costs	221,508	194,445	129,545	145,927
	<b>2,341,317</b>	<b>2,394,721</b>	<b>1,425,356</b>	<b>1,359,855</b>



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 29. Employee costs (continued)

	GROUP		COMPANY	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
<b>29.1 Average number of persons employed during the year was:</b>				
Managerial	84	66	51	50
Senior staff	477	489	293	308
Expatriates	9	11	2	3
Distribution drivers	312	331	261	273
Junior staff	507	506	204	159
	<b>1,389</b>	<b>1,403</b>	<b>811</b>	<b>793</b>

**29.2 The table below shows the number of employees (excluding Directors), whose earnings during the year, fell within the ranges shown below:**

	GROUP		COMPANY	
	2015 Number	2014 Number	2015 Number	2014 Number
Up to N1,000,000	513	639	287	322
N1,000,001 — N2,000,000	475	502	297	286
Above N2,000,000	401	262	227	185
	<b>1,389</b>	<b>1,403</b>	<b>811</b>	<b>793</b>

## 30. Discontinued operations or disposal groups or non-current assets held for sale

	GROUP		COMPANY	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
<b>Results for the year</b>				
Revenue	—	2,966,625	—	—
Expenses	—	(2,557,901)	—	—
<b>Net profit before tax</b>	—	<b>408,724</b>	—	—
Tax	—	(52,573)	—	—
<b>Net profit after tax</b>	—	<b>356,151</b>	—	—
Fair value re-measurement on assets held for sale	—	(187,354)	—	—
<b>Profit after tax on discontinued operations</b>	—	<b>168,797</b>	—	—
<b>Net profit after tax attributable to:</b>				
Owners of the parent	—	182,133	—	—
Non-controlling interests	—	174,018	—	—
	—	<b>356,151</b>	—	—

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 31. Remuneration of directors

Remuneration of directors and key management personnel for the year ended 30 September, 2015 was ₦226 million (2014: ₦217 million).

### 31.1 Non-executive

	Board meetings ₦'000	Other fees ₦'000	Total ₦'000
<b>2015</b>			
Alh. Aliko Dangote (GCON)	1,400	—	1,400
Mr. Olakunle Alake	1,100	1,600	2,700
Mr. Arnold Ekpe	900	—	900
Mr. Asue Ighodalo	1,100	1,400	2,500
	<b>4,500</b>	<b>3,000</b>	<b>7,500</b>
<b>2014</b>			
Alh. Aliko Dangote (GCON)	750	400	1,150
Mr. Olakunle Alake	800	1,500	2,300
Mr. Arnold Ekpe	600	300	900
Mr. Asue Ighodalo	400	900	1,300
	<b>2,550</b>	<b>3,100</b>	<b>5,650</b>

### 31.2 Directors' interest in share capital

	30 September, 2015		30 September, 2014	
	Number of ordinary shares (‘000)	Percentage of issued share capital (%)	Number of ordinary share (‘000)	Percentage of issued share capital (%)
<b>Shareholding</b>				
Alhaji Aliko Dangote	38,729	0.77 %	38,729	0.77 %
Olakunle Alake	2,378	0.05 %	2,378	0.05 %

### 31.3 Remuneration, other than to employees, for:

	GROUP		COMPANY	
	2015 ₦'000	2014 ₦'000	2015 ₦'000	2014 ₦'000
<b>Executive directors</b>				
Salaries and bonuses	129,547	102,721	92,744	67,175
Retirement, medical and other benefits	88,938	108,451	63,671	73,245
<b>Non-executive directors</b>				
Fees	7,500	5,650	7,500	5,650
	<b>225,985</b>	<b>216,822</b>	<b>163,915</b>	<b>146,070</b>

## 32. Contingencies

As at 30 September, 2015, the contingent liability in respect of the Group was ₦27 million (2014: ₦32 million). According to the Directors and Solicitors acting on behalf of the Group, the expected final liabilities, if any, are not likely to be significant and no provision has been made in these financial statements.

The contingent liability relates to claims made for damages from alleged negligence.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 33. Commitments

	GROUP		COMPANY	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
<b>33.1 Operating leases — as lessee (expense)</b>				
<i>Non-cancellable operating lease rentals</i>				
— Less than one year	310,498	374,347	220,450	323,485
— One to five years	955,737	527,718	818,770	324,270
	<b>1,266,235</b>	<b>902,065</b>	<b>1,039,220</b>	<b>647,755</b>

Some leases require restoration of the facilities at the Group's expense upon termination of the agreements. Management is confident all lease agreements will be renewed under largely the same terms and has not provided for demolition costs.

## 34. Segment information

Information reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered.

All segments operate in same geographical area and are on an arm's length basis in relation to inter-segment pricing.

The factors used to identify the Group's reportable segments include the basis of organisation and the format of regular reporting to management as a basis for decision making. Management has chosen to organise the Group around differences in products and separate entities within the Group. None of the segments have been aggregated.

These reportable segments as well as the products and services from which each of them derives revenue are set out below:

Reportable Segment	Products and services
Flour	Milling and sale of bread and confectionary flour
Pasta	Manufactures and sells spaghetti and macaroni
Noodles	Manufactures and sells noodles



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 34.1 Segment revenue and results

Transactions within the Group take place at arms length.

	(₹'000)	Flour	Sacks	Pasta	Noodles	Inter-group	Total
Year ended 30 September, 2015							
Revenue		36,094,021	—	8,366,643	5,356,294	(1,790,284)	48,026,674
Cost of sales		(33,089,466)	—	(8,108,534)	(4,150,904)	1,790,284	(43,558,620)
<b>Gross profit</b>		<b>3,004,555</b>	<b>—</b>	<b>258,109</b>	<b>1,205,390</b>	<b>—</b>	<b>4,468,054</b>
Distribution and administrative expenses		(5,205,475)	—	(1,789,839)	(1,922,025)	—	(8,917,339)
Other income		134,066	—	108,645	63,858	—	306,569
<b>Operating loss from continuing operations</b>		<b>(2,066,854)</b>	<b>—</b>	<b>(1,423,085)</b>	<b>(652,777)</b>	<b>—</b>	<b>(4,142,716)</b>
Non-recurring items		(7,855,872)	—	(678,584)	(552,945)	4,652,826	(4,434,575)
Net finance costs		(3,866,690)	—	2,376	(24,603)	—	(3,888,917)
<b>Loss before taxation from continuing operations</b>		<b>(13,789,416)</b>	<b>—</b>	<b>(2,099,293)</b>	<b>(1,230,325)</b>	<b>4,652,826</b>	<b>(12,466,208)</b>
Taxation		(289,378)	—	175,127	(98,846)	—	(213,097)
<b>Loss after taxation from continuing operations</b>		<b>(14,078,794)</b>	<b>—</b>	<b>(1,924,166)</b>	<b>(1,329,171)</b>	<b>4,652,826</b>	<b>(12,679,305)</b>
Profit from discontinued operations — Sack		—	—	—	—	—	—
<b>Loss for the period</b>		<b>(14,078,794)</b>	<b>—</b>	<b>(1,924,166)</b>	<b>(1,329,171)</b>	<b>4,652,826</b>	<b>(12,679,305)</b>
Year ended 30 September, 2014							
Revenue		31,704,340	-	5,820,371	5,639,389	(1,895,329)	41,268,771
Cost of sales		(29,321,039)	-	(6,065,227)	(4,566,813)	1,895,329	(38,057,750)
<b>Gross profit</b>		<b>2,383,301</b>	<b>-</b>	<b>(244,856)</b>	<b>1,072,576</b>	<b>-</b>	<b>3,211,021</b>
Distribution and administrative expenses		(3,896,374)	-	(2,521,608)	(1,575,675)	-	(7,993,657)
Other income		124,208	-	161,920	16,869	-	302,997
<b>Operating loss from continuing operations</b>		<b>(1,388,865)</b>	<b>-</b>	<b>(2,604,544)</b>	<b>(486,230)</b>	<b>-</b>	<b>(4,479,639)</b>
Non-recurring items		(1,829,691)	-	(745,332)	(118,849)	741,288	(1,952,584)
Net finance costs		(2,836,556)	-	3,557	(19,791)	-	(2,852,790)
<b>Loss before taxation from continuing operations</b>		<b>(6,055,112)</b>	<b>-</b>	<b>(3,346,319)</b>	<b>(624,870)</b>	<b>741,288</b>	<b>(9,285,013)</b>
Taxation		1,895,810	-	895,360	215,538	-	3,006,708
<b>Loss after taxation from continuing operations</b>		<b>(4,159,302)</b>	<b>-</b>	<b>(2,450,959)</b>	<b>(409,332)</b>	<b>741,288</b>	<b>(6,278,305)</b>
Profit from discontinued operations — Sack		-	168,797	-	-	-	168,797
<b>(Loss)/Profit for the period</b>		<b>(4,159,302)</b>	<b>168,797</b>	<b>(2,450,959)</b>	<b>(409,332)</b>	<b>741,288</b>	<b>(6,109,508)</b>



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

## 34. Segment information (continued)

### 34.2 Segment assets and liabilities

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the consolidated and separate statement of financial position.

	(M'000)	Flour	Pasta	Noodles	Inter-group	Total
<b>Year ended 30 September, 2015</b>						
Total assets	46,344,429	18,590,299	2,074,333	(17,654,079)		49,354,982
Total liabilities	46,348,700	21,270,893	7,834,274	(23,027,712)		52,426,155
<b>Year ended 30 September, 2014</b>						
Total assets	53,563,743	18,131,595	2,763,193	(19,657,042)		54,801,489
Total liabilities	39,489,220	18,888,023	7,193,962	(20,377,848)		45,193,357

### 34.3 Other segment information

	(M'000)	Flour	Pasta	Noodles	Total
<b>Year ended 30 September, 2015</b>					
Depreciation		1,576,346	749,086	137,981	2,463,413
Additions to non-current assets		849,014	282,732	181,716	1,313,462
Impairment		(1,427,291)	(678,584)	(552,945)	(2,658,820)
<b>Year ended 30 September, 2014</b>					
Depreciation		1,900,878	1,119,290	136,476	3,156,644
Additions to non-current assets		631,823	302,324	178,968	1,113,115
Impairment		(728,191)	(745,332)	(118,849)	(1,592,372)

### 34.4 Revenue from major products and services

The following is the analysis of revenue from continuing operations from major products and services:

Products	(M'000)	Flour	Pasta	Noodles	Inter-group	Total
<b>Year ended 30 September, 2015</b>	<b>36,094,021</b>	<b>8,366,643</b>	<b>5,356,294</b>	<b>(1,790,284)</b>		<b>48,026,674</b>
Year ended 30 September, 2014	31,704,340	5,820,371	5,639,389	(1,895,329)		41,268,771

## 35. Events after the reporting period

Other than the matters disclosed in Note 1.4 – Going Concern, there are no significant events arising since the end of the reporting period that could have a material effect on the financial statements of the Company, that have not been adequately provided for or disclosed elsewhere in the financial statements.

# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 September, 2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
<b>36. Cost of sales</b>				
<i>Sale of goods</i>				
Work in progress and raw materials at the beginning of the year	3,093,731	7,857,786	2,360,469	7,030,498
Work in progress and raw materials at the end of the year	(3,388,473)	(3,093,731)	(2,776,697)	(2,360,469)
	(294,742)	4,764,055	(416,228)	4,670,029
Engineering spares and other stocks at the beginning of the year	2,473,977	1,490,515	1,692,179	655,893
Purchases	38,211,457	26,905,996	29,745,557	22,220,409
	40,390,692	33,160,566	31,021,508	27,546,331
Engineering spares and other stocks at the end of the year	(2,570,336)	(2,473,977)	(1,406,931)	(1,692,179)
<b>Cost of materials consumed</b>	<b>37,820,356</b>	<b>30,686,589</b>	<b>29,614,577</b>	<b>25,854,152</b>
Direct labour cost	1,080,757	950,440	607,646	513,867
Direct overhead cost	1,956,736	2,018,227	1,356,629	1,330,668
Other overheads	560,563	1,796,359	254,971	221,908
Depreciation and impairments	2,140,208	2,606,135	1,255,643	1,400,444
<b>Conversion costs</b>	<b>5,738,264</b>	<b>7,371,161</b>	<b>3,474,889</b>	<b>3,466,887</b>
<b>Cost of goods produced</b>	<b>43,558,620</b>	<b>38,057,750</b>	<b>33,089,466</b>	<b>29,321,039</b>
<b>37. Distribution and administrative expenses</b>				
<i>The following items are included within distribution and administrative expenses:</i>				
Auditors remuneration	72,050	65,500	44,220	40,200
Legal and professional fees	513,482	337,889	121,479	35,232
Allowances and other impairments	513,464	530,590	282,537	255,354
Depreciation	323,205	550,509	320,703	500,434
Employee costs	1,260,560	1,444,281	817,710	845,988
Other expenses	856,022	738,243	649,192	587,930
Distribution expenses	2,778,085	1,673,211	1,399,315	635,008
Selling and marketing expenses	1,489,957	1,101,704	724,125	263,384
General expenses	982,234	1,546,470	717,914	732,844
Exchange loss	115,061	5,260	115,061	—
Loss on sale of assets	13,219	—	13,219	—
	<b>8,917,339</b>	<b>7,993,657</b>	<b>5,205,475</b>	<b>3,896,374</b>

## 38. Restatement of items in statement of profit or loss for comparative period

GROUP				
	N'000	As previously reported	Reclassifications	As restated
<b>Cost of sales</b>		38,872,328	(814,578)	38,057,750
Distribution and administrative expenses		7,539,291	454,366	7,993,657
Foreign exchange losses		—	360,212	360,212
Others		(39,979,393)	—	(39,979,393)
		<b>6,432,226</b>	<b>—</b>	<b>6,432,226</b>



# Consolidated Statement of Value Added

For the year ended 30 September, 2015

## GROUP

	2015 N'000	2015 %	2014 N'000	2014 %
<b>VALUE ADDED</b>				
Turnover: Local	48,026,674		41,268,771	
Interest received	2,613		10,398	
Other income	306,569		302,997	
	<b>48,335,856</b>		<b>41,582,166</b>	
Bought-in materials and services	—		—	
— Local	(17,306,445)		(14,242,010)	
— Foreign	(32,140,542)		(26,449,447)	
<b>Total Value Added</b>	<b>(1,111,131)</b>	<b>100</b>	<b>890,709</b>	<b>100</b>
<b>VALUE DISTRIBUTED</b>				
<b>To Pay Employees</b>				
Salaries, wages, medical and other benefits	2,341,317		2,394,721	
	<b>2,341,317</b>	<b>(211)</b>	<b>2,394,721</b>	<b>269</b>
<b>To Pay Providers of Capital</b>				
Finance costs	3,891,530		2,863,188	
	<b>3,891,530</b>	<b>(350)</b>	<b>2,863,188</b>	<b>321</b>
<b>To Pay Government</b>				
Income tax	22,569		7,400	
	<b>22,569</b>	<b>(2)</b>	<b>7,400</b>	<b>1</b>
<b>To be retained in the business for expansion and future wealth creation:</b>				
Depreciation	2,463,413		3,156,644	
Impairment on property, plant and equipment	2,658,820		1,592,372	
Deferred tax	190,528		(3,014,108)	
Non-controlling interest	(152,159)		110,397	
Retained loss	(12,527,149)		(6,219,905)	
	<b>(7,366,547)</b>	<b>663</b>	<b>(4,374,600)</b>	<b>(491)</b>
<b>Total Value Distributed</b>	<b>(1,111,131)</b>	<b>100</b>	<b>890,709</b>	<b>100</b>

Value added represents the additional wealth which the Group has been able to create by its own and employees efforts.

This statement shows the allocation of that wealth among employees, government, capital providers and that retained in the business for expansion and future creation of more wealth.

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Nigerian Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004.



# Consolidated Statement of Value Added

For the year ended 30 September, 2015

## COMPANY

	2015 N'000	2015 %	2014 N'000	2014 %
<b>VALUE ADDED</b>				
Turnover: Local	36,094,021		31,704,340	
Interest received	228		6,841	
Other income	134,066		124,208	
	<b>36,228,315</b>		<b>31,835,389</b>	
Bought-in materials and services	—		—	
— Local	(14,602,637)		(10,870,363)	
— Foreign	(27,119,183)		(20,187,817)	
<b>Total Value Added</b>	<b>(5,493,505)</b>	<b>100</b>	<b>777,209</b>	<b>100</b>
<b>VALUE DISTRIBUTED</b>				
<b>To Pay Employees</b>				
Salaries, wages, medical and other benefits	1,425,356		1,359,855	
	<b>1,425,356</b>	<b>(26)</b>	<b>1,359,855</b>	<b>175</b>
<b>To Pay Providers of Capital</b>				
Finance costs	3,866,918		2,843,397	
	<b>3,866,918</b>	<b>(70)</b>	<b>2,843,397</b>	<b>366</b>
<b>To Pay Government</b>				
Income tax	—		—	
<b>To be retained in the business for expansion and future wealth creation:</b>				
Depreciation	1,576,346		1,900,878	
Impairment on property, plant and equipment	1,427,291		728,191	
Deferred tax	289,378		(1,895,810)	
Retained loss	(14,078,794)		(4,159,302)	
	<b>(10,785,779)</b>	<b>196</b>	<b>(3,426,043)</b>	<b>(441)</b>
<b>Total Value Distributed</b>	<b>(5,493,505)</b>	<b>100</b>	<b>777,209</b>	<b>100</b>

Value added represents the additional wealth which the Company has been able to create by its own and employees efforts.

This statement shows the allocation of that wealth among employees, government, capital providers and that retained in the business for expansion and future creation of more wealth.

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Nigerian Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004.



# Five Years Financial Summary

For the year ended 30 September, 2015

## GROUP

	IFRS 12 months Sept 2015 N'000	IFRS 12 months Sept 2014 N'000	IFRS 9 months Sept 2013 N'000	IFRS 12 months Dec 2012 N'000	IFRS 12 months Dec 2011 N'000
<b>NET ASSETS</b>					
Property, plant and equipment	23,027,073	26,342,645	30,002,456	44,048,647	46,754,990
Other long term assets	—	—	—	3,894	90,836
Assets of disposal groups held for sale	—	—	17,813,661	—	—
Net current (liabilities) assets	(28,365,194)	(15,147,449)	(10,902,689)	(5,548,354)	(11,740,900)
	(5,338,121)	11,195,196	36,913,428	38,504,187	35,104,926
Deferred tax assets/(liabilities)	3,266,856	3,457,384	443,277	(1,233,957)	(3,174,607)
Provision for liabilities and charges	—	—	—	(1,254,329)	(1,730,447)
Liabilities classified as held for sale	—	—	(9,603,878)	—	—
Long term liabilities	(999,908)	(5,044,448)	(9,646,302)	(10,692,375)	(2,184,000)
<b>Total net assets</b>	<b>(3,071,173)</b>	<b>9,608,132</b>	<b>18,106,525</b>	<b>25,323,526</b>	<b>28,015,872</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Share premium	18,116,249	18,116,249	18,116,249	18,116,249	18,116,249
Retained earnings	(23,052,118)	(10,524,972)	(4,305,067)	3,627,929	6,897,652
Non-controlling interest	(635,304)	(483,145)	1,795,343	1,079,348	501,971
<b>Total equity</b>	<b>(3,071,173)</b>	<b>9,608,132</b>	<b>18,106,525</b>	<b>25,323,526</b>	<b>28,015,872</b>
<b>REVENUE AND PROFIT</b>					
Revenue	48,026,674	41,268,771	29,960,419	41,472,599	66,281,326
<b>(Loss)/profit before taxation</b>	<b>(12,466,208)</b>	<b>(9,285,013)</b>	<b>(8,342,294)</b>	<b>(5,602,972)</b>	<b>758,742</b>
Taxation	(213,097)	3,006,708	1,577,990	1,258,659	(109,668)
Discontinued operations	—	168,797	(452,697)	2,080,977	—
Non-controlling interest	152,159	(110,397)	(715,995)	(577,377)	(302,322)
<b>Retained (loss) income for the year</b>	<b>(12,527,146)</b>	<b>(6,219,905)</b>	<b>(7,932,996)</b>	<b>(2,840,713)</b>	<b>346,752</b>
<b>Per share data (kobo per share)</b>					
(Loss)/Earnings per share	(251)	(124)	(159)	(55)	12
Net assets per share	61	192	362	506	560



# Five Years Financial Summary

For the year ended 30 September, 2015

## COMPANY

	IFRS 12 months Sept 2015 N'000	IFRS 12 months Sept 2014 N'000	IFRS 9 months Sept 2013 N'000	IFRS 12 months Dec 2012 (restated) N'000	IFRS 12 months Dec 2011 N'000
<b>NET ASSETS</b>					
Property, plant and equipment	13,691,988	15,353,413	17,351,051	18,747,467	20,633,574
Investments in subsidiaries	2,507,637	2,597,637	2,597,637	7,553,637	7,553,637
Other long term assets	—	—	—	—	83,502
Assets of disposal groups held for sale	—	—	4,956,000	—	—
Net current (liabilities) assets	(16,246,192)	(163,661)	3,539,667	9,613,645	2,472,543
	(46,567)	17,787,389	28,444,355	35,914,749	30,743,256
Deferred tax assets/(liabilities)	1,042,204	1,331,582	(564,228)	(1,824,317)	(3,113,428)
Provision for liabilities and charges	—	—	—	(851,584)	(1,277,236)
Long term liabilities	(999,908)	(5,044,448)	(9,646,302)	(10,524,375)	—
<b>Total net assets</b>	<b>(4,271)</b>	<b>14,074,523</b>	<b>18,233,825</b>	<b>22,714,473</b>	<b>26,352,592</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Share premium	18,116,249	18,116,249	18,116,249	18,116,249	18,116,249
Retained earnings	(20,620,520)	(6,541,726)	(2,382,424)	2,098,224	5,736,343
<b>Total equity</b>	<b>(4,271)</b>	<b>14,074,523</b>	<b>18,233,825</b>	<b>22,714,473</b>	<b>26,352,592</b>
<b>REVENUE AND PROFIT</b>					
Revenue	36,094,021	31,704,340	23,079,590	29,859,976	38,679,844
(Loss)/profit before taxation	(13,789,416)	(6,055,112)	(5,647,490)	(4,264,583)	1,373,230
Taxation	(289,378)	1,895,810	1,166,842	1,126,464	(583,078)
<b>Retained (loss) income for the year</b>	<b>(14,078,794)</b>	<b>(4,159,302)</b>	<b>(4,480,648)</b>	<b>(3,138,119)</b>	<b>790,152</b>
<b>Per share data (kobo per share)</b>					
(Loss)/Earnings per share	(282)	(83)	(90)	(63)	18
Net assets per share	—	281	365	454	527

## Note

(Loss) earnings per share are based on (loss)/profit after tax and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year. This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Nigerian Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004.



# Shareholders Structures/Data on Unclaimed Dividends

## SHAREHOLDERS STRUCTURES AS AT SEPTEMBER 30 2015

S/N	HOLDERS TYPE	NO. OF S/HOLDERS	% HOLDERS	NO. OF HOLDINGS	% HOLDINGS
1.	INDIVIDUAL	316,239	98.17	923,462,081	18.47
2.	CORPORATE BODY	5,622	1.75	4,075,223,237	81.50
3.	FEDERAL GOVERNMENT	8	0.00	18,181	0.00
4.	STATE INVESTMENT COMPANIES	13	0.00	393,332	0.01
5.	FOREIGN SHAREHOLDERS	239	0.07	903,169	0.02
		<b>322,121</b>	<b>100.00</b>	<b>5,000,000,000</b>	<b>100.00</b>

## LIST OF SHAREHOLDER WITH 5% AND ABOVE AS AT SEPTEMBER 30TH, 2015

S/N	A/C NO	NAME	ADDRESS	HOLDINGS	% HOLDINGS
1.	558399	DANGOTE INDUSTRIES LIMITED	UNION MARBLE HOUSE, 1 ALFRED REWANE ROAD, FALOMO, IKOYI, LAGOS	500,000,000	10.00%
2.	595776	TIGER BRANDS LIMITED	3010 WILLIAM NICOL DRIVE BRYANSTON SANDTON JOHANNESBURG FOREIGN	3,283,277,052	65.67%
				<b>3,783,277,052</b>	<b>75.7%</b>

**SHARE CAPITAL 5,000,000,000**

## UNCLAIMED DIVIDEND HISTORY AS AT SEPTEMBER 30 2015.

The dividend account indicates that some dividend warrants have not been presented to the Bank for payment, while others were returned to the Registrar unclaimed because the addresses have changed or could not be traced.

PAYMENT NO.	NO. OF SHAREHOLDERS	NET AMOUNT ₦
1	205,368	86,806,684.08
2	245,887	159,678,739.26
3	223,467	254,612,075.85
4	268,489	114,695,426.34
5	231,654	46,493,762.40
	<b>TOTAL</b>	<b>662,286,687.93</b>







**EDC**

(Member of the Ecobank Group)  
RC. 475195

**MANDATE FOR e-Dividend PAYMENT**

Date (DD/MM/YYYY)

[illegible][illegible][illegible]

--	--	--	--	--	--	--	--

[illegible][illegible][illegible][illegible][illegible][illegible]

--	--	--	--	--	--	--	--

## PLEASE INDICATE WHICH COMPANY YOU OWN SHARES IN

<input type="checkbox"/>	Dangote Flour Mills Plc
<input type="checkbox"/>	Cutix
<input type="checkbox"/>	Adswitch Plc
<input type="checkbox"/>	Afromedia Plc
<input type="checkbox"/>	Resourcery
<input type="checkbox"/>	Courteville Business Solutions
<input type="checkbox"/>	Imo State Bond
<input type="checkbox"/>	Ecobank Transnational Inc

KINDLY INDICATE YOUR PREFERRED CURRENCY FOR THE PAYMENT:

US DOLLAR ☐ NAIRA ☐

[illegible][illegible][illegible]

Shareholder's Signature or  
Thumbprint

Shareholder's Signature or  
Thumbprint

Company Seal/Incorporation Number (Corporate Shareholder)

AUTHORISED SIGNATURE & STAMPOF BANKERS





# Proxy Form

TIGER BRANDED CONSUMER GOODS PLC  
10TH ANNUAL GENERAL MEETING WILL HOLD ON THURSDAY,  
7TH DAY OF APRIL, 2016 AT MUSON CENTRE, 8/9, MARINA, ONIKAN,  
LAGOS, LAGOS STATE AT 11.00 A.M.

I/We\* .....

of .....

hereby appoint .....

of .....  
or failing him, the Chairman of the meeting, as my/our  
proxy to act and vote for me/us and on my/our behalf at  
the Tenth Annual General Meeting of the Company to be held at  
11.00 a.m. on Thursday, 7th April, 2016.

Dated this ..... day of ..... 2016.

Signature .....

## NOTES

1. Please sign this proxy card and post it to reach the registered office of the Company not less than 48 hours before the time for holding the meeting.
2. If executed by a corporation, the proxy card should be sealed with the common seal.
3. This proxy card will be used both by show of hands and in the event of a poll being directed or demanded.
4. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown.



*Before posting the above form, please sign/tear off this part and retain it for admission to the meeting.*

## Admission Card

TIGER BRANDED CONSUMER GOODS PLC

PLEASE ADMIT THE SHAREHOLDER ON THIS FORM OR HIS/HER APPOINTED PROXY TO THE  
10TH ANNUAL GENERAL MEETING WHICH WILL HOLD ON THURSDAY, 7TH DAY OF APRIL, 2016  
AT MUSON CENTRE, 8/9, MARINA, ONIKAN, LAGOS, LAGOS STATE AT 11.00 A.M.

Name of Shareholder\* .....

IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (shareholder) who is unable to attend Annual General Meeting is allowed by law to vote by proxy. A proxy need not be a member of the Company. The above proxy card has been prepared to enable you exercise your right to vote if you cannot personally attend.

**No. of Shares held**

**Signature of person attending**

## IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission card where marked \*.

*Aishaladiisa*

**AISHA LADI ISA (MRS)**

*Company Secretary/Legal Adviser*

Dated this 1st day of February, 2016

RESOLUTIONS	FOR	AGAINST
<b>ORDINARY BUSINESS</b>		
1. To receive the Audited Financial Statements of the Company for the year ended 30 September 2015 together with the reports of the Auditors, the Directors and the Audit Committee thereon;		
2. To elect and approve the appointment of the following Director: (i) Ms Halima Dangote (Executive Director) (ii) Alh. Ahmed Shehu Yakasai (Executive Director) To re-elect the following Directors: (i) Mr. Peter Bambatha Matlare (ii) Mr. Olakunle Alake (iii) Mr. Asue Ighodalo (iv) Mr. Arnold Ekpe		
3. To re-appoint the Auditors;		
4. To authorize the Directors to fix the remuneration of the Auditors;		
5. To appoint the members of the Audit Committee.		
<b>SPECIAL BUSINESS</b>		
6. To consider and if thought fit, pass the following as Special Resolutions; (i) "That in accordance with Section 31(3) of the Companies and Allied Matters Act, CAP 20 Laws of the Federation of Nigeria, 2004, the name of the Company, 'TIGER BRANDED CONSUMER GOODS PLC' be and is hereby changed to 'DANGOTE FLOUR MILLS PLC'." (ii) "That the Memorandum and Articles of Association of the Company be and are hereby amended by the substitution of the new name 'DANGOTE FLOUR MILLS PLC' wherever 'TIGER BRANDED CONSUMER GOODS PLC' appear."		
7. To consider and if thought fit, pass the following as a Special Resolution; "That the Directors having so recommended, the financial year of the Company be and is hereby changed from October to September of the following year to January to December of each year. The end of the first new financial year being December, 2016 having a fifteen month period."		
Please indicate with an "X" in the appropriate space how you wish your votes to be cast on resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her own discretion.		

**The Registrars**

EDC Registrars Ltd.

154, Ikorodu Road, Onipanu,  
Shomolu, Lagos.



**TIGER BRANDED CONSUMER GOODS PLC**