Notore

RC: 640303

NOTORE CHEMICAL INDUSTRIES PLC
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 JUNE 2018

NOTORE CHEMICAL INDUSTRIES PLC
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 JUNE 2018

(All amounts are in thousands of Naira, unless otherwise stated)

	Note	Group		Company	
		Nine months 30 June 2018	**Nine months 30 June 2017**	**Nine months 30 June 2018**	**Nine months 30 June 2017**
		N'000	N'000	N'000	N'000
Revenue	7	20,583,647	25,833,761	20,583,647	25,833,761
Cost of sales	8	(12,422,154)	(18,689,491)	(12,426,889)	(18,734,335)
Gross profit		8,161,494	7,144,271	8,156,759	7,099,427
Administrative expenses	9a	(4,126,225)	(3,215,898)	(4,043,103)	(3,126,914)
Selling and distribution expenses	9b	(478,404)	(219,927)	(478,404)	(219,927)
Other income	10	193,189	360,032	193,189	360,032
Operating profit		3,750,054	4,068,477	3,828,441	4,112,617
Finance income	11	4,172	178	4,172	178
Finance cost	11	(7,693,579)	(7,783,955)	(7,693,579)	(7,783,955)
Finance costs - (net)	11	(7,689,407)	(7,783,777)	(7,689,407)	(7,783,777)
Loss before income tax		(3,939,353)	(3,715,300)	(3,860,967)	(3,671,160)
Income tax		-	-	-	-
Profit/(loss) for the period		**(3,939,353)**	**(3,715,300)**	**(3,860,967)**	**(3,671,160)**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Currency translation difference		1,169	267,315	-	-
Total items that may be reclassified to profit or loss		1,169	267,315	-	-
Other comprehensive income / (loss) for the period- net of tax		1,169	267,315	**-**	**-**
Total comprehensive profit / (loss) for the period		(3,938,184)	(3,447,984)	(3,860,967)	(3,671,160)
Total comprehensive profit /(loss) for the year attributable to:					
Equity holders of the parent company		(3,938,184)	(3,447,984)	(3,860,967)	(3,671,160)
Non controlling interest		-	-	-	-
Earnings per share for loss attributable to the equity holders of the company					
Basic EPS (Naira)	13	(2.44)	(2.30)	(2.40)	(2.28)
Diluted EPS (Naira)	13	(2.44)	(2.30)	(2.40)	(2.28)

NOTORE CHEMICAL INDUSTRIES PLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018

(All amounts are in thousands of Naira, unless otherwise stated)

		Group		Company	
	Note	Nine months 30 June 2018 N'000	30 Sept 2017 N'000	Nine months 30 June 2018 N'000	30 Sept 2017 N'000
Non-current assets					
Property, plant and equipment	14	114,232,076	117,904,939	114,231,212	117,903,625
Investment property	15	21,966,286	21,966,286	21,966,286	21,966,286
Investments in subsidiaries	26	-	-	40,255	40,255
Total non-current assets		136,198,362	139,871,225	136,237,753	139,910,167
Current assets					
Inventories	17	3,336,719	3,127,094	3,336,719	3,127,094
Trade and other receivables	18	7,812,457	3,177,873	7,802,947	3,175,343
Cash at bank and in hand	19	3,176,697	1,039,087	3,168,772	1,030,742
Total current assets		14,325,873	7,344,054	14,308,438	7,333,179
Total assets		**150,524,235**	**147,215,279**	**150,546,192**	**147,243,345**
Equity					
Ordinary shares	20	806,033	806,033	806,033	806,033
Share premium		27,995,916	27,995,916	27,995,916	27,995,916
Asset revaluation reserves		41,360,539	41,360,539	41,360,539	41,360,539
Foreign currency translation reserve		408,749	407,580	-	-
Retained earnings	21	(23,822,532)	(19,883,179)	(24,026,384)	(20,165,417)
Total equity		46,748,704	50,686,889	46,136,104	49,997,071
Liabilities					
Non-current liabilities					
Borrowings	23	21,687,281	25,246,204	21,687,281	25,246,204
Employee benefit obligation	22	1,036,396	768,753	1,036,396	768,753
Deferred tax liability	12a	11,393,742	11,393,742	11,393,742	11,393,742
Total non-current liabilities		34,117,419	37,408,699	34,117,419	37,408,699
Current liabilities					
Borrowings	23	53,919,323	47,743,688	53,919,323	47,743,688
Trade and other payables	24	15,733,677	11,281,636	16,368,234	11,999,520
Current tax liabilities	12	5,112	94,367	5,112	94,367
Total current liabilities		69,658,112	59,119,691	70,292,669	59,837,575
Total liabilities		103,775,531	96,528,390	104,410,087	97,246,274
Total equity and liabilities		**150,524,235**	**147,215,279**	**150,546,192**	**147,243,345**

The financial statements on pages 1 to 23 were approved and authorised for issue by the board of directors on 24TH JULY 2018 and signed on its behalf by:

Mr. Onajite P. Okoloko
Managing Director/CEO
FRC/2014/NIM/00000007662

Mr. Femi Agbaje
Executive Director/CFO
FRC/2014/ICAN/00000010052

NOTORE CHEMICAL INDUSTRIES PLC
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 JUNE 2018

(All amounts are in thousands of Naira, unless otherwise stated)

Group

	Note	Share capital	Share premium	Foreign currency translation reserve	Asset revaluation reserve	Retained earnings	Total equity
		N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 October 2017		806,033	27,995,916	407,580	41,360,539	(19,883,179)	50,686,889
Profit for the period		-	-	-	-	(3,939,353)	(3,939,353)
Other comprehensive income:							
Revaluation surplus released to retained earnings		-	-	-	-	-	-
Remeasurements of post-employment benefit obligations, net of tax		-	-	-	-	-	-
Currency transalation difference		-	-	1,169	-	-	1,169
Total comprehensive profit for the period		-	-	1,169	-	(3,939,353)	(3,938,184)
Balance at 30 June 2018		806,033	27,995,916	408,749	41,360,539	(23,822,532)	46,748,704

The notes on pages 18 to 47 are an integral part of these financial statements.

NOTORE CHEMICAL INDUSTRIES PLC
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 JUNE 2018

(All amounts are in thousands of Naira, unless otherwise stated)

Company

	Note	Share capital	Share premium	Asset revaluation reserve	Retained earnings	Total equity
		N'000	N'000	N'000	N'000	N'000
Balance at 1 October 2017		806,033	27,995,916	41,360,539	(20,165,417)	49,997,071
Loss for the period		-	-	-	(3,860,967)	(3,860,967)
Other comprehensive income:						
Revaluation surplus released to retained earnings		-	-	-	-	-
Remeasurements of post-employment benefit obligations, net of tax		-	-	-	-	-
Total comprehensive loss for the period		-	-	-	(3,860,967)	(3,860,967)
Balance at 30 June 2018		806,033	27,995,916	41,360,539	(24,026,384)	46,136,104

NOTORE CHEMICAL INDUSTRIES PLC
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 JUNE 2018

(All amounts are in thousands of Naira, unless otherwise stated)

		Group		Company	
	Note	Nine months 30 June 2018	Nine months 30 June 2017	Nine months 30 June 2018	Nine months 30 June 2017
		N'000	N'000	N'000	N'000
Cash flows from operating activities:					
Loss on ordinary activities before taxation		(3,939,353)	(3,715,300)	(3,860,967)	(3,671,160)
Adjustments for :					
Depreciation	14	6,035,645	6,015,998	6,035,195	6,015,547
Current service cost and interest on gratuity	22	510,288	508,183	510,288	508,183
Currency translation difference		1,169	267,315	-	-
Net adjustments for non-cash items		6,547,102	6,791,496	6,545,483	6,523,730
Interest received	11	(4,172)	(178)	(4,172)	(178)
Interest paid	11	7,693,579	7,783,955	7,693,579	7,783,955
Gratuity paid	22	(60,148)	-	(60,148)	-
Increase in gratuity plan asset	22	(182,498)	(241,658)	(182,498)	(241,658)
Income taxes paid	12	(89,255)	-	(89,255)	-
Changes in working capital:					
Increase in inventories		(209,625)	(1,545,765)	(209,625)	(1,545,765)
Increase in trade and other receivables		(4,634,583)	(640,040)	(4,627,603)	(388,630)
(Decrease)/increase in trade and other payables		4,452,041	(1,836,963)	4,368,714	(1,858,598)
Net cash generated from operating activities		9,573,087	6,595,547	9,573,509	6,601,696
Cash flows from investing activities:					
Purchases of property, plant and equipment	14	(2,362,782)	(325,236)	(2,362,782)	(325,236)
Interest received	11	4,172	178	4,172	178
Net cash used in investing activities		(2,358,610)	(325,059)	(2,358,611)	(325,059)
Cash flows from financing activities:					
Repayments of borrowings	23	(5,631,963)	(7,128,436)	(5,631,963)	(7,128,436)
Changes in term loan arising from reclassification (to)/from bank overdraft	23	45,183,077	(21,364,475)	45,183,077	(21,364,475)
Interest paid	11	(7,693,579)	(7,783,955)	(7,693,579)	(7,783,955)
Net cash (used in)/generated from financing activities		31,857,536	(36,276,866)	31,857,534	(36,276,867)
Net (decrease)/increase in cash and cash equivalents		39,072,013	(30,006,376)	39,072,432	(30,000,229)
Cash and cash equivalents at beginning of period		(36,602,583)	-4,657,115	(36,610,926)	(4,663,747)
Cash and cash equivalents at end of period	19	2,469,430	(34,663,491)	2,461,506	(34,663,976)

(All amounts are in thousands of Naira, unless otherwise stated)

1.0 General information

Notore Chemical Industries Plc ("the Company") was incorporated on 30 November 2005 to manufacture and deal in nitrogenous fertilizers and all substances suited to improving the fertility of soil and water. The company fully rehabilitated a 500,000 metric tonne Urea Plant in Onne, Rivers State, Nigeria and commenced commercial production in the first quarter of 2010. It is a subsidiary of Notore Chemical Industries

The principal activities of the company are to manufacture, treat, process, produce, supply and deal in nitrogenous fertilizer and all substances suited to improving the fertility of soil and water.

The address of the company's registered office is:
Notore Industrial Complex
Onne
Rivers State
Nigeria

The consolidated financial statements has been prepared through the consolidation of the following subsidiaries with the Company. The subsidiaries are: Notore Supply and Trading Mauritius Limited, Notore Power Limited, Notore Foods Limited, Notore Seeds Limited and Notore Industrial City Limited

These financial statements are presented in Nigerian Naira which is the functional currency of the primary economic environment in which the parent company operates. The financial statements have been rounded to the nearest thousands Naira (NGN'000), except where otherwise

2.0 Basis of preparation and adoption of IFRSs

The consolidated financial statements of Notore Chemical Industries Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, plant and machinery and investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note

These financial statements were authorised for issue by the board of directors on 24th July 2018.

3.0 Changes in accounting policy and disclosures

a) *New and amended standards adopted by the group*

The following standards have been adopted by the group for the first time

Amendments to IAS 1, "Presentation of financial statements" gives clarification on materiality and aggregation, presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments are effective from 1 January 2016.

b) *New accounting standards issued but not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2016 and beyond, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

Amendments to IAS 7, "Statement of Cash Flows" intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The amendments requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. The amendments does not have significant impact on the company's reporting.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is assessing IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

IFRS 16, 'Leases' establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. This will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exception are short term and low-value leases. The accounting for lessors will not significantly change. The standard is effective for annual periods beginning on or after 1 January 2019. The Company will assess the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(All amounts are in thousands of Naira, unless otherwise stated)

4.0 **Summary of significant accounting policies**

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

4.1 **Foreign currency translation**

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in Naira which is the group's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within ‘finance income or cost’. All other foreign exchange gains and losses are presented in profit or loss within ‘other income or expenses’.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in profit or loss.

4.2 **Trade receivables**

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

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

4.3 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied to third parties in the normal course of business, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Depending on the terms of sales, revenue recognition could be at point of dispatch or upon customer's acknowledgement of delivery.

4.4 **Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, cash balances with banks, other short term highly liquid investments with original maturity of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

4.5 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. If carrying value exceeds net realizable amount, a write down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

4.6 **Trade payables**

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

4.7 **Provisions**

Provisions for legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(All amounts are in thousands of Naira, unless otherwise stated)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.8 **Property, plant and equipment**

Property, plant and equipment (excluding land & building and plant & machinery) are initially recognised at cost and subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the period in which they are incurred.

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each of such part. The carrying amount of a replaced part is derecognized when replaced. Impairment losses and gains and losses on disposals of property, plant and equipment are included in the statement of profit or loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

The major categories of property, plant and equipment (excluding land & building and plant & machinery) are depreciated on a straight-line basis as follows:

Asset category	Depreciation rate (%)
Motor vehicle	25
Computer equipment	33
Office equipment	25

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Land & Building and Plant & Machinery are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. A revaluation surplus is credited to other reserves in shareholders' equity.

Depreciation is calculated using the straight-line method to allocate their revalued amounts, net of their residual values, over their estimated useful lives. Freehold is not depreciated but leasehold land and leasehold improvements is depreciated over the remaining lease term. On an annual basis, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from asset revaluation reserves account to retained earnings through other comprehensive income. For Buildings and Plant & Machinery, depreciation is calculated as follows:

Asset category	Depreciation rate (%)
Buildings	2
Plant and machinery	5

4.9 **Intangible assets**

Computer software licences are acquired and recognized at acquisition cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditures on software are capitalised only when it increases the future economic benefits of the related software. Software maintenance costs are recognized as expenses in the profit and loss as they are incurred. Amortisation is recognized in profit and loss account on a straight-line basis over the estimated useful life of the software, from the date it is available for use. The estimated useful life of software is three years and this is reassessed annually.

4.10 **Impairment of non-financial assets**

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

4.11 **Financial instruments**

(i) Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade receivables, and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are carried at amortised cost less any impairment.

(b) Derecognition

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

(All amounts are in thousands of Naira, unless otherwise stated)

(ii) Financial liabilities at amortised cost

Financial liabilities are classified as financial liabilities at amortised cost. Financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, inclusive of directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows:These include trade payables and bank borrowings. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank borrowings are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(c) Derecognition

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

4.12 **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.13 **Impairment of financial assets**

Assets carried at amortised cost

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

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

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

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

4.14 **Income taxation**

(a) Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA). Education tax is assessed at 2% of the chargeable profits.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the entities in the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates except where there is an agreement in place that gives the group the ability to control the reveral of the temporary difference.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

(All amounts are in thousands of Naira, unless otherwise stated)

4.15 **Employee benefits**

The group operates various post-employment schemes, including both a defined contribution scheme and a defined benefit obligation.

(i) Defined contribution scheme (Pension obligations)

The group operates a defined contribution pension scheme for its employees in line with the provisions of the Pension Reform Act. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group’s contributions to the defined contribution schemes are charged to the statement of profit or loss for the period to which they relate. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Gratuity Scheme

The Company operates a defined benefit gratuity scheme for its employees. The employees' retirement benefits under the gratuity scheme depends on the individual's years of service and gross salaries at the end of each completed year.

The risk that the retirement benefits could cost more than expected or that the return on the investments is lower than expected remains with the Company, and may increase the Company’s obligation. Lump-sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of employees of the Company. The liability recognised in the balance sheet in respect of the unfunded part of gratuity scheme is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of the Federal Government of Nigeria bonds. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in full to equity in other comprehensive income in the

Past-service costs are recognised immediately in income statement. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income

(iii) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company’s shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

4.16 **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

4.17 **Government grants**

Grants from the government are not recognised until there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants are recognised in the income statement so as to match with the related costs that they are intended to compensate.

4.18 **Cost of sales**

Cost of sales is primarily comprised of direct materials and supplies consumed in the manufacture of product, as well as manufacturing labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of sales also includes the cost of haulage and export grant credit.

4.19 **Borrowings**

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(All amounts are in thousands of Naira, unless otherwise stated)

4.20 **Borrowings costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.21 **Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Land held under operating leases is classified and accounted for by the Group as investment property when the definition of investment property would otherwise be met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and (where applicable) borrowing costs. After initial recognition, investment property is carried at fair value. Changes in fair values are presented in profit or loss as part of other income. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Group and the cost can be reliably measured. This is usually when all risks are transferred.

4.22 **Consolidation**

(a) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Investments in subsidiaries are recognised at cost less impairment.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with group's accounting policies.

(b) **Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions ï that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in

(c) **Disposal of subsidiaries**

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.23 **Segment reporting**

An operating segment is a component of an entity: that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

Operating segment is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM,who is responsible for allocating resources and assessing performance of the operating segment has been identified as the Group Leadership Council. The Groupõs reportable segment has been identified on a product basis as Fertilizer and the Group is a one segment business

5 **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results.

5.1 Impairment

i Impairment of non-financial assets

The company reviews other non-financial assets for possible impairment if there are events or changes in circumstances that indicate that the carrying values of the assets may not be recoverable, or at least at every reporting date, when there is any indication that the asset might be impaired. The Company is of the opinion that there is no impairment indicator on its non-financial assets as at the reporting date.

(All amounts are in thousands of Naira, unless otherwise stated)

ii Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

5.2 Negotiable Duty Credit Certificates

Negotiable Duty Credit Certificate (NDCC) is a Federal Government of Nigeria instrument useful for settlement of Import and Excise Duties in lieu of cash. In the past four years, the company and other industry players have not been able to use the NDCC for settlemnt of Import and Excise duties due to unwillingness on the part of the relevant government agency to accept the instrument. Notwithstanding, the Directors continue to recognise the full value of the instrument being a sovereign debt.

5.3 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for these benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of employee benefit obligations. The Company's actuaries determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations.

In determining the appropriate discount rate, the actuaries considers the interest rates of high-quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related employee benefit obligation. Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note

5.4 Income taxes and Deferred tax

Taxes are paid by Company under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations. Accordingly, management’s interpretation of the applicable tax law and regulations as applied to the transactions and activities of the Company may be challenged by the relevant taxation authorities. The Company’s management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in these financial statements will be sustained.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Management is of the view that there is a high probability that future taxable profit will be available to utilise the temporary differences.

5.5 Functional currency

Functional currency is the currency of the primary economic environment in which the parent company operates. The assessment of the functional currency of the foreign subsidiary is subjective and involves the use of management's estimates and judgements. Management is of the opinion that the foreign subsidiary's functional currency is the Nigerian Naira as it is the currency that mainly influences sales prices for its goods and Nigeria is the country whose competitive forces and regulations mainly determine the sales prices of its goods.

6.0 **Financial risk management**

6.1 **Introduction and overview of company and group risk management**

The group’s activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group’s financial performance.

Risk management is carried out by a treasury department under policies approved by the board of directors. Treasury identifies, evaluates, and manages financial risks in close co-operation with the group’s operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, other price risk and investment of excess liquidity.

(All amounts are in thousands of Naira, unless otherwise stated)

26 **Investments in subsidiaries**

Principal subsidiaries

The group had the following subsidiaries as at 30 June 2018

Name	Investment Amount	Country of incoporation and place of business	Nature of business	Proportion of ordinary shares held by parent	Proportion of ordinary shares held by group	Proportion of ordinary shares held by non-controlling interests
	N'000			**%**	**%**	**%**
Notore Supply and Trading Mauritius Limited	255	Mauritius	Sale of fertilisers and other chemical products	100.00	100.00	-
Notore Supply and Trading Limited BVI	-	British Virgin Islands		100.00	100.00	-
Notore Power Limited	10,000	Nigeria	Power generation, distribution and sale	99.99	99.99	0.01
Notore Foods Limited	10,000	Nigeria	Marketing of farm produce	99.99	99.99	0.01
Notore Seeds Limited	10,000	Nigeria	Development and marketing of high yield seeds	99.99	99.99	0.01
Notore Indusrial City Limited	10,000	Nigeria	Development and operating of industrial parks	99.99	99.99	0.01
	40,255					

Movement in investment in subsidiaries

	Company	
	30 June 2018	30 Sept 2017
	N'000	N'000
Opening balance	40,255	40,255
Increase during the year		
Closing balance	40,255	40,255

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

(All amounts are in thousands of Naira, unless otherwise stated)

7 **Revenue**

	Group		Company	
	Nine months 30 June 2018	Nine months 30 June 2017	Nine months 30 June 2018	Nine months 30 June 2017
	N'000	N'000	N'000	N'000
NPK	-	868	-	868
Urea and other chemicals	20,431,878	25,621,677	20,431,878	25,621,677
Ammonia	151,769	211,216	151,769	211,216
Total	20,583,647	25,833,761	20,583,647	25,833,761
Analysis by geographical location:				
Within Nigeria	20,465,266	24,270,519	20,465,266	24,270,519
Outside Nigeria	118,381	1,563,242	118,381	1,563,242
	20,583,647	25,833,761	20,583,647	25,833,761

The Group's reportable segment has been identified on a product basis as fertilizer because all the company's sales comprise mainly fertilizer products with similar risks and rewards. The Group is a one segment business and revenue is generated from local and export sales. An analysis based on customers' locations is set out above.

8 **Cost of sales**

	Group		Company	
	Nine months 30 June 2018	Nine months 30 June 2017	Nine months 30 June 2018	Nine months 30 June 2017
	N'000	N'000	N'000	N'000
Raw materials and other chemicals cost	8,573,765	8,732,722	8,578,500	8,777,566
Depreciation	5,753,824	5,751,646	5,753,824	5,751,646
Staff cost (Note 9d)	1,829,384	2,160,755	1,829,384	2,160,755
Haulage cost	178,421	2,044,367	178,421	2,044,367
Exceptional items	(3,913,240)		(3,913,240)	-
Total	12,422,154	18,689,491	12,426,889	18,734,335

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. The exceptional item is in respect of Export Expansion Grant confirmed receivable from the Federal Government of Nigeria on the cummulative export sales made by the Company over the years 2011 -2016. These claims have been verified by the Federal Government and are awaiting settlement via Promisory Notes under the government Promisory Note Payment Programme .

Analysis of depreciation charged

	Group		Company	
	Nine months 30 June 2018	Nine months 30 June 2017	Nine months 30 June 2018	Nine months 30 June 2017
	N'000	N'000	N'000	N'000
Depreciation on PPE charged to cost of sales	5,753,824	5,751,646	5,753,824	5,751,646
Depreciation on PPE charged to admin expenses	281,821	263,504	281,370	263,902
Total depreciation charged on PPE (Note 14)	6,035,646	6,015,149	6,035,195	6,015,547
Total depreciation charged on cost of sales	5,753,824	5,751,646	5,753,824	5,751,646
Total depreciation charged on admin expenses (Note 9a)	281,821	263,504	281,370	263,902
Total depreciation charged on PPE	6,035,646	6,015,149	6,035,195	6,015,547

9a **Administrative expenses**

The following balances are included as part of administrative expenses:

	Group		Company	
	Nine months 30	Nine months	Nine months	Nine months
	N'000	N'000	N'000	N'000
Employee benefit expense (Note 9d)	1,749,329	1,393,721	1,722,600	1,365,703
Repair and maintenance	79,180	50,075	79,180	50,075
Consultancy	187,745	83,332	187,745	83,332
Transportation & Travel	305,888	171,419	297,002	155,997
Depreciation (Note 8)	281,821	264,300	281,370	263,902
Corporate promotion expenses	53,002	20,490	53,002	20,490
Directors fees (Note 25c)	393,421	312,079	393,421	312,079
Board expenses	70,364	44,973	70,364	44,973
Foreign currency exchange loss	(5,814)	13,534	(5,814)	13,534
Bank charges	56,612	47,402	56,139	47,116
Impairment of trade receivables (Note 6b)	37,343	-	37,343	-
Other admin and general expenses	886,189	783,430	840,753	739,714
Auditor's renumeration provision	31,144	31,144	30,000	30,000
	4,126,225	3,215,898	4,043,103	3,126,914

(All amounts are in thousands of Naira, unless otherwise stated)

9b **Selling and distribution expenses**

	Group		Company	
	Nine months 30	Nine months	Nine months	Nine months
	N'000	N'000	N'000	N'000
Marketing expenses	478,404	219,927	478,404	219,927

9c Employee benefits expense

	Group		Company	
	Nine months 30 June 2018	Nine months 30 June 2017	Nine months 30 June 2018	Nine months 30 June 2017
	N'000	N'000	N'000	N'000
Salaries and wages	2,191,757	1,873,896	2,165,027	1,845,878
Other employee benefits	673,766	947,143	673,766	947,143
Termination benefits	6,361	48,585	6,361	48,585
Employer's pension contribution - defined contributions	196,541	175,964	196,541	175,964
Gratuity charge (Note 22)	510,288	508,888	510,288	508,888
	3,578,713	3,554,476	3,551,983	3,526,458
			-	-

9d Analysis of employee benefits expense charged to:

	Group		Company	
	Nine months 30	Nine months	Nine months	Nine months
	N'000	N'000	N'000	N'000
Cost of sales	1,829,384	2,160,755	1,829,384	2,160,755
Administrative expenses	1,749,329	1,393,721	1,722,600	1,365,703
	3,578,713	3,554,476	3,551,983	3,526,458

10 **Other income**

	Group		Company	
	Nine months 30 June 2018	Nine months 30 June 2017	Nine months 30 June 2018	Nine months 30 June 2017
	N'000	N'000	N'000	N'000
Rental income	1,408	1,408	1,408	1,408
Others	191,781	358,624	191,781	358,624
	193,189	360,032	193,189	360,032

11 **Finance income and costs**

	Group		Company	
	Nine months 30	Nine months	Nine months	Nine months
	N'000	N'000	N'000	N'000
Finance income				
Interest income on short-term bank deposits	4,172	178	4,172	178
Finance cost				
Interest expense:				
ï Interest and fees on bank borrowings	7,693,579	7,783,955	7,693,579	7,783,955
Net finance costs	7,689,407	7,783,777	7,689,407	7,783,777

(All amounts are in thousands of Naira, unless otherwise stated)

12 **Income tax expense**

The movement in the current income taxation payable is as follows:

	Group and Company	
	30 June 2018	30 Sept 2017
	N'000	N'000
At start of the period	94,367	-
Charge for the period - Education tax	-	94,367
Payment during the period	(89,254.66)	-
Total current income tax liabilities	5,112	94,367

Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group and Company	
	30 June 2018	30 Sept 2017
	N'000	N'000
Deferred tax assets:		
ï Deferred tax assets to be recovered after more than 12 months	16,397,529	16,397,529
	16,397,529	16,397,529
Deferred tax liabilities:		
ï Deferred tax liabilities to be recovered after more than 12 months	27,791,271	27,791,271
	27,791,271	27,791,271
Deferred tax (liability)/asset - (net)	(11,393,742)	(11,393,742)

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Group and Company	
	30 June 2018	30 Sept 2017
	N'000	N'000
Deferred tax assets:		
Deferred income tax asset:		
Balance at the beginning of the period	16,397,529	5,446,165
Credit for the period	-	10,951,364
Total deferred tax asset	16,397,529	16,397,529
Deferred tax liabilities:		
Deferred income tax liabilities:		
Balance at the beginning of the period	27,791,271	27,706,746
Deferred tax charge for the period (Note 12)	-	56,428
Deferred tax charge on actuarial gain	-	28,097
Total deferred tax liabilities	27,791,271	27,791,271

(All amounts are in thousands of Naira, unless otherwise stated)

13 **Earnings per share (EPS)**

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. Diluted EPS is the same as Basic EPS as there are no potential securities convertible to ordinary shares at both year ends.

	Group		Company	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	N'000	N'000	N'000	N'000
Profit/(loss) for the year attributable to shareholders	(3,939,353)	(3,715,300)	(3,860,967)	(3,671,160)
Weighted average number of ordinary shares in issue	1,612,066	1,612,066	1,612,066	1,612,066
Basic earnings per share (Naira)	(2.44)	(2.30)	(2.40)	(2.28)
Diluted earnings per share (Naira)	(2.44)	(2.30)	(2.40)	(2.28)

(All amounts are in thousands of Naira, unless otherwise stated)

14 Property, plant and equipment

(a) **Group**

	Land & Buildings	Plant & Machinery	Motor Vehicle	Computer Equipment	Office Equipment	Capital Work in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At 1 October 2017	15,827,947	108,068,965	644,761	222,831	390,762	1,753,615	126,908,881
Additions	-	72,663	107,000	41,891	28,346	2,112,882	2,362,782
Write-off							-
Reclassification							-
At 30 June 2018	15,827,947	108,141,626	751,761	264,720	419,108	3,866,497	129,271,663
Accumulated depreciation							
At 1 October 2017	284,214	7,662,242	524,456	198,065	334,963	-	9,003,942
Charge for the period	208,275	5,753,824	38,538	17,183	17,826	-	6,035,645
At 30 June 2018	492,489	13,416,067	562,994	215,249	352,789	-	15,039,587
Net Book Value							
At 30 June 2018	15,335,458	94,725,560	188,767	49,472	66,319	3,866,497	114,232,076

(b) **Company**

	Land & Buildings	Plant & Machinery	Motor Vehicle	Computer Equipment	Office Equipment	Capital Work in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At 1 October 2017	15,827,947	108,068,965	644,761	218,381	390,762	1,753,615	126,904,431
Additions	-	72,663	107,000	41,891	28,346	2,112,882	2,362,782
At 30 June 2018	15,827,947	108,141,626	751,761	260,272	419,108	3,866,497	129,267,211
Accumulated depreciation							
At 1 October 2017	284,214	7,662,242	524,456	194,931	334,963	-	9,000,806
Charge for the year	208,275	5,753,824	38,538	16,732	17,826	-	6,035,195
At 30 June 2018	492,488	13,416,066	562,994	211,663	352,789	-	15,036,000
Net Book Value							
At 30 June 2018	15,335,459	94,725,561	188,767	48,609	66,319	3,866,497	114,231,212

On 30 September 2016, the Group adopted a policy of recognizing Land & Building and Plant & Machinery at revalued amount in accordance with the provisions of IAS 16 ÷Property, Plant and Equipmentö This is a change from the previous policy, under which all property, plant and equipment were stated at historic cost less accumulated depreciation and impairment losses. The revaluation of Land & Building and Plant & Machinery provides shareholders with a more representative value than the historic cost basis.

(All amounts are in thousands of Naira, unless otherwise stated)

15 **Investment property**

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Cost				
Opening balance	21,966,286	21,402,005	21,966,286	21,402,005
Fair value adjustment (Note 10)	-	564,281	-	564,281
	21,966,286	21,966,286	21,966,286	21,966,286

Investment property is made up of an undeveloped land and a commercial property that is leased out to third parties. The commercial property leased to third parties contains an initial non-cancellable lease period of 3 years. Subsequent renewals are negotiated with the lessee and on average, the renewal periods are not less than 2 years. No contingent rents are charged. These properties were transferred from property, plant & equipment to investment property on transition date at its fair value as deemed cost.

The future minimum lease payments under the non-cancellable operating leases is:

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Not later than one year	313	1,721	313	1,721

16 **Intangible assets**

	Computer software			
	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Cost				
Opening balance	54,961	54,961	54,961	54,961
	54,961	54,961	54,961	54,961
Accumulated amortisation				
Opening balance	(54,961)	(54,961)	(54,961)	(54,961)
	(54,961)	(54,961)	(54,961)	(54,961)
Net book value	-	-	-	-

Intangible assets relate to cost of software. No amortisation expense was recognised during the period in Administrative expenses.

17 **Inventories**

	Group		Company	
Group	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Raw materials	1,133,348	1,000,921	1,133,348	1,000,921
Finished goods	329,918	717,964	329,918	717,964
Goods in transit	845,500	771,509	845,500	771,509
Spare parts inventories	1,027,953	636,700	1,027,953	636,700
	3,336,719	3,127,094	3,336,719	3,127,094

(All amounts are in thousands of Naira, unless otherwise stated)

18 Trade and other receivables

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Trade receivables	763,938	656,860	763,938	656,860
Less: Impairment of trade receivables (Note 6b)	(540,236)	(502,892)	(540,236)	(502,892)
Net trade receivables	223,703	153,968	223,703	153,968
Prepayments	200,136	180,755	190,626	178,530
Employee receivables	56,166	40,596	56,166	40,596
EEG receivable	4,485,051	571,811	4,485,051	571,811
Prepaid suppliers	617,000	635,435	617,000	635,435
Other receivables	2,230,401	1,595,308	2,230,401	1,595,003
Total	7,812,457	3,177,873	7,802,947	3,175,343

The trade receivable is not interest bearing. For receivables that are classified as 'current' due to their short-term maturities, the fair value approximates their carrying values.

Employee receivables are staff loans granted to staff members at below market rates. The fair value of the employee loans is based on cashflows discounted based on market borrowing rate .

All trade and other receivables are current.

19 Cash and cash equivalents

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Cash at bank and in hand (excluding overdrafts)	3,176,697	1,039,087	3,168,772	1,030,742
Cash and cash equivalents (excluding overdrafts)	3,176,697	1,039,087	3,168,772	1,030,742

Short term deposits with banks represents placements with commercial banks for period between 0 - 90 days.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Cash and cash equivalents (excluding overdrafts)	3,176,697	1,039,087	3,168,772	1,030,742
Bank overdrafts (Note 23)	(707,266)	(37,641,668)	(707,266)	(37,641,668)
Cash and cash equivalents (including overdrafts)	2,469,430	(36,602,583)	2,461,506	(36,610,926)

20 Share capital

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
Authorised:				
2 billion ordinary shares of 50 Kobo each	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
1.61 billion ordinary shares of 50 Kobo each	806,033	806,033	806,033	806,033

21 Retained earnings

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Balance at the beginning	(19,883,179)	(33,331,063)	(20,165,417)	(33,677,857)
(Loss)/profit for the period	(3,939,353)	8,652,434	(3,860,967)	8,716,990
Remeasurements of post employment benefit liabilities net of tax	-	65,559	-	65,559
Revaluation reseve released on depreciation of revalued PPE	-	4,729,891	-	4,729,891
Balance at the end	(23,822,532)	(19,883,179)	(24,026,384)	(20,165,417)

(All amounts are in thousands of Naira, unless otherwise stated)

22 **Employee benefit obligations**

(a) **Defined benefit scheme**

The table below outlines where the company's post-employment amounts and activity are included in the financial statements:

	Group & Company	
	30 June 2018	30 Sept 2017
	N'000	N'000
Balance sheet obligations for:		
Post-employment benefit	1,036,396	768,753
Liability in the balance sheet	1,036,396	768,753
Income statement charge included in employee benefits expense for:		
Post-employment benefit	510,288	366,406
	510,288	366,406
Remeasurements for:		
Change in financial assumption and experience adjustment	-	(93,656)
	-	(93,656)

The company operates a gratuity scheme whereby at the time of leaving the service or retirement from the company, an employee is paid gratuity. The plan provides a retirement benefit of 15% of gross annual salary for each year of service for staff with 5 and above years of service. Responsibility for governance of the plans ï including investment decisions and contribution schedules ï lies with the company.

The provision for gratuity was based on independent actuarial valuation performed by independent actuaries using the projected unit credit method. The company maintains an asset account with a fund manager for funding of the obligations as they fall due. As at 30 June 2018, fair value of the plan asset stood at N749 million.

The amounts recognised in the statement of financial position are determined as follows:

	Group & Company	
	30 June 2018	30 Sept 2017
	N'000	N'000
Present value of obligations (funded)	1,785,350	1,335,209
Fair value of plan assets	(748,954)	(566,456)
Deficit of funded plan	1,036,396	768,753

The movement in the defined benefit obligation over the period is as follows:

	Group & Company	
	30 June 2018	30 Sept 2017
	N'000	N'000
Balance at the beginning of the period	1,335,209	1,239,153
Charge during the period:		
Current service cost	376,631	188,196
Interest cost	133,658	178,210
	510,288	366,406
	1,845,498	1,605,559
Remeasurements:		
Actuarial losses/(gains) - change in financial assumption		28,760
Actuarial losses/(gains) - experience adjustment		(122,416)
Total	-	(93,656)
Payments from plans:		
Benefits paid by the employer	(60,148)	(176,694)
Total	(60,148)	(176,694)
Balance at the end of the period	1,785,350	1,335,209

The sensitivity analysis on the accrued liability as at 30 September 2017 is as follows:

	Group & Company	
		Accrued liability
		N'000
Discount rate	+1%	1,267,479
Discount rate	-1%	1,410,261
Salary increase	+1%	1,371,107
Salary decrease	-1%	1,302,163
Mortality experience	Improved by 1 year	1,332,207
Mortality experience	Worsend by 1 year	1,338,535

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(b) **Defined contribution scheme**

The company also makes provision in respect of defined contribution scheme as stipulated by Nigerian Pension Reform Act. The employer contribution expensed for the period ended 30 June 2018 was N209 million (30 September 2017: N253 million) while the employee contribution is included in salaries and wages.

(All amounts are in thousands of Naira, unless otherwise stated)

23 **Borrowings**

		Group & Company	
		30 June 2018	30 Sept 2017
		N'000	N'000
(a)	**Non-current**		
	Bank borrowings	21,687,281	25,246,204
	Total non-current borrowings	21,687,281	25,246,204
	Current		
	Bank overdrafts (Note 19)	707,266	37,641,668
	Bank borrowings	53,212,057	10,102,020
	Total current borrowings	53,919,323	47,743,688
	Total borrowings (non-current & current)	75,606,604	72,989,892

(b) Movement in borrowings (excluding overdraft) is represented as follows:

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Opening balance	35,348,224	65,034,467	35,348,224	65,034,467
Reclassification (to)/from bank overdraft	45,183,077	(20,263,869)	45,183,077	(20,263,869)
Repayments	(5,631,963)	(9,422,375)	(5,631,963)	(9,422,375)
Closing balance	74,899,338	35,348,224	74,899,338	35,348,224

(c) **Post Balance Sheet Event**

Shortly after period-end, total sum of N46.7 billion was converted by the banks from short term loans to long term loans of seven (7) years tenor with one year moratorium.

After adjusting the books to reflect the restructured loans, the company's borrowings position is as follows:

	Group & Company	
	13 July 2018	30 Sept 2017
	N'000	N'000
Non-current		
Bank borrowings - Long term	68,416,422	25,246,204
Total non-current borrowings	68,416,422	25,246,204
Current		
Bank overdrafts	707,266	37,641,668
Bank borrowings - Short term	6,482,916	10,102,020
Total current borrowings	7,190,182	47,743,688
Total borrowings (non-current & current)	75,606,604	72,989,892

The bank borrowings are secured over the assets of the company and as at the reporting date there are no undrawn borrowing lines.

(All amounts are in thousands of Naira, unless otherwise stated)

24 Trade and other payables

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
	N'000	N'000	N'000	N'000
Trade payables	5,660,421	4,997,782	5,660,421	4,997,782
Interest and fees payable	144,448	98,350	144,448	98,350
Accrued expenses	1,583,906	2,914,108	1,584,802	2,912,583
Deposit from customers	6,438,604	1,525,426	6,438,604	1,525,426
Amounts due to related parties (Note 25)	1,906,298	1,745,971	2,539,960	2,465,381
	15,733,677	11,281,636	16,368,234	11,999,520

All trade and other payables are current.

25 Related party transactions

Parent and ultimate controlling entity

Notore Chemical Industries (Mauritius) Limited is the ultimate parent of Notore Chemical Industries Plc. Notore Chemical Industries (Mauritius) Limited, the subsidiaries, Directors, close family members of the Directors and any employee who is able to exert significant influence on the operating policies of the Company are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

As at 30 June 2018, Notore Chemical Industries (Mauritius) Limited owned 77.07% of the issued share capital of the company.

The company entered into a 20 years gas supply agreement with Eroton Exploration and Production Company Limited ("Eroton"). The agreement became fully operational effective from 01 March 2016 with the commencement of offtake of gas from Eroton on that date. By this agreement, Eroton became a major supplier of gas to the company. The Managing Director and Chief Executive Officer of the company is also the Chairman of the Board of Eroton Exploration and Production Company Limited.

Amount due to related parties:
Particulars:

	Group		Company	
	30 June 2018	30 Sept 2017	30 June 2018	30 Sept 2017
			N'000	N'000
Notore Supply and Trading Mauritius Limited	-	-	593,662	679,410
Notore Power Limited	-	-	10,000	10,000
Notore Foods Limited	-	-	10,000	10,000
Notore Seeds Limited	-	-	10,000	10,000
Notore Industrial City Limited	-	-	10,000	10,000
Eroton Exploration and Production Company Limited	1,906,298	1,745,971	1,906,298	1,745,971
	1,906,298	1,745,971	2,539,960	2,465,381

The payables to related parties arise mainly from supply of services and are due two months after the date of purchase. The payables bear no interest.