Notore

RC: 640303

NOTORE CHEMICAL INDUSTRIES PLC
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2019

NOTORE CHEMICAL INDUSTRIES PLC
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2019

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

		Group		Company	
	Note	**Three months 31 March 2019**	**Three months 31 March 2018**	**Three months 31 March 2019**	**Three months 31 March 2018**
		N'000	N'000	N'000	N'000
Revenue	26	8,364,314	9,173,178	8,364,314	9,173,178
Cost of sales	27	(5,319,850)	(7,520,922)	(5,361,566)	(7,520,922)
Gross profit		3,044,464	1,652,256	3,002,748	1,652,256
Administrative expenses	28a	(1,472,447)	(1,529,447)	(1,445,312)	(1,500,102)
Selling and distribution expenses	28b	(91,168)	(115,057)	(91,168)	(115,057)
Other income	29	138,726	35,330	138,726	35,330
Operating profit		1,619,575	43,082	1,604,994	72,427
Finance income	30	17	2,298	17	2,298
Finance cost	30	(3,467,668)	(2,603,261)	(3,467,668)	(2,603,261)
Finance costs - (net)	30	(3,467,651)	(2,600,963)	(3,467,651)	(2,600,963)
Loss before income tax		(1,848,076)	(2,557,881)	(1,862,657)	(2,528,536)
Income tax		-	-	-	-
Profit/(loss) for the period		**(1,848,076)**	**(2,557,881)**	**(1,862,657)**	**(2,528,536)**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Currency translation difference		1,304	310	-	-
Total items that may be reclassified to profit or loss		1,304	310	-	-
Other comprehensive income / (loss) for the period- net of tax		1,304	310	-	-
Total comprehensive profit / (loss) for the period		**(1,846,772)**	**(2,557,571)**	**(1,862,657)**	**(2,528,536)**
Earnings per share (EPS)					
Basic					
Total comprehensive profit /(loss) for the year attributable to:					
Equity holders of the parent company		(1,846,772)	(2,557,571)	(1,862,657)	(2,528,536)
Non controlling interest		-	-	-	-
Earnings per share for loss attributable to the equity holders of the company					
Basic EPS (Naira)		(1.15)	(1.59)	(1.16)	(1.57)
Diluted EPS (Naira)		(1.15)	(1.59)	(1.16)	(1.57)

NOTORE CHEMICAL INDUSTRIES PLC
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2019

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

		Group		Company	
	Note	**Six months 31 March 2019**	**Six months 31 March 2018**	**Six months 31 March 2019**	**Six months 31 March 2018**
		N'000	N'000	N'000	N'000
Revenue	7	12,685,047	15,168,459	12,685,047	15,168,459
Cost of sales	8	(9,636,848)	(11,404,700)	(9,678,541)	(11,404,699)
Gross profit		3,048,199	3,763,759	3,006,506	3,763,760
Administrative expenses	9a	(2,958,031)	(2,883,775)	(2,907,424)	(2,821,620)
Selling and distribution expenses	9b	(214,937)	(362,637)	(214,937)	(362,637)
Other income	10	4,757,793	109,348	4,757,793	109,348
Operating profit		4,633,024	626,695	4,641,938	688,851
Finance income	11	19,430	3,287	19,430	3,287
Finance cost	11	(6,594,667)	(5,147,170)	(6,594,667)	(5,147,170)
Finance costs - (net)	11	(6,575,237)	(5,143,883)	(6,575,237)	(5,143,883)
Loss before income tax		(1,942,213)	(4,517,188)	(1,933,299)	(4,455,032)
Income tax		-	-	-	-
Profit/(loss) for the period		**(1,942,213)**	**(4,517,188)**	**(1,933,299)**	**(4,455,032)**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Currency translation difference		1,279	310	-	-
Total items that may be reclassified to profit or loss		1,279	310	-	-
Other comprehensive income / (loss) for the period- net of tax		1,279	310	**-**	**-**
Total comprehensive profit / (loss) for the period		(1,940,934)	(4,516,878)	(1,933,299)	(4,455,032)
Total comprehensive profit /(loss) for the year attributable to:					
Equity holders of the parent company		(1,940,934)	(4,516,878)	(1,933,299)	(4,455,032)
Non controlling interest		-	-	-	-
Earnings per share for loss attributable to the equity holders of the company					
Basic EPS (Naira)	13	(1.20)	(2.80)	(1.20)	(2.76)
Diluted EPS (Naira)	13	(1.20)	(2.80)	(1.20)	(2.76)

The notes on pages 7 to 24 are an integral part of these financial statements.

NOTORE CHEMICAL INDUSTRIES PLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

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

		Group		Company	
	Note	**Six months 31 March 2019**	**30 Sept 2018**	**Six months 31 March 2019**	**30 Sept 2018**
		N'000	N'000	N'000	N'000
Non-current assets					
Property, plant and equipment	14	112,535,063	112,743,870	112,534,310	112,742,864
Investment property	15	29,564,429	27,468,052	29,564,429	27,468,052
Investments in subsidiaries	25	-	-	40,255	40,255
Total non-current assets		142,099,492	140,211,922	142,138,994	140,251,171
Current assets					
Inventories	16	6,080,064	3,226,105	6,080,064	3,226,105
Trade and other receivables	17	9,358,853	6,989,977	9,358,569	6,989,776
Cash at bank and in hand	18	1,055,700	2,410,224	1,049,727	2,408,389
Total current assets		16,494,617	12,626,306	16,488,360	12,624,271
Total assets		**158,594,109**	**152,838,228**	**158,627,354**	**152,875,441**
Equity					
Ordinary shares	19	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		36,695,135	36,695,135	36,695,135	36,695,135
Foreign currency translation reserve		410,216	408,937	-	-
Retained earnings	20	(19,139,741)	(17,197,528)	(19,307,121)	(17,373,822)
Total equity		46,767,559	48,708,493	46,189,963	48,123,262
Liabilities					
Non-current liabilities					
Borrowings	22	69,108,248	69,322,544	69,108,248	69,322,544
Trade and other payables	23		3,164,007	-	3,164,007
Employee benefit obligation	21	777,277	762,145	777,277	762,145
Deferred tax liability	12a	9,771,196	9,771,196	9,771,196	9,771,196
Total non-current liabilities		79,656,721	83,019,892	79,656,721	83,019,892
Current liabilities					
Borrowings	22	11,456,935	8,079,338	11,456,935	8,079,338
Trade and other payables	23	20,710,726	13,009,909	21,321,567	13,632,353
Current tax liabilities	12	2,168	20,596	2,168	20,596
Total current liabilities		32,169,829	21,109,843	32,780,670	21,732,287
Total liabilities		111,826,550	104,129,735	112,437,391	104,752,179
Total equity and liabilities		**158,594,109**	**152,838,228**	**158,627,354**	**152,875,441**

The financial statements on pages 1 to 24 were approved and authorised for issue by the board of directors on 29 April 2019 and signed on its behalf by:

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

Mr. Tolujo Bolarin Peters
Group Head, Finance & Administration
FRC/2018/ICAN/00000018981

The notes on pages 7 to 24 are an integral part of these financial statements.

NOTORE CHEMICAL INDUSTRIES PLC
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2019

(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
Loss for the period		-	-	-	-	(4,517,188)	(4,517,188)
Other comprehensive income:							
Currency translation difference		-	-	310	-	-	310
Total comprehensive loss for the year		-	-	310	-	(4,517,188)	(4,516,878)
Balance at 31 March 2018		806,033	27,995,916	407,890	41,360,539	(24,400,367)	46,170,011

Group

	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 2018	806,033	27,995,916	408,937	36,695,135	(17,197,528)	48,708,494
Profit for the period	-	-	-	-	(1,942,213)	(1,942,213)
Other comprehensive income:						
Currency transalation difference	-	-	1,279	-	-	1,279
Total comprehensive profit for the period	-	-	1,279	-	(1,942,213)	(1,940,934)
Balance at 31 March 2019	806,033	27,995,916	410,216	36,695,135	(19,139,741)	46,767,559

NOTORE CHEMICAL INDUSTRIES PLC
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2019

(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		-	-	-	(4,455,032)	(4,455,032)
Total comprehensive loss for the year		-	-	-	(4,455,032)	(4,455,032)
Balance at 31 March 2018		806,033	27,995,916	41,360,539	(24,620,449)	45,542,039

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 2018		806,033	27,995,916	36,695,135	(17,373,822)	48,123,262
Loss for the period		-	-	-	(1,933,299)	(1,933,299)
Total comprehensive loss for the period		-	-	-	(1,933,299)	(1,933,299)
Balance at 31 March 2019		806,033	27,995,916	36,695,135	(19,307,121)	46,189,963

NOTORE CHEMICAL INDUSTRIES PLC
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2019

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

		Group		Company	
	Note	**Six months 31 March 2019**	**Six months 31 March 2018**	**Six months 31 March 2019**	**Six months 31 March 2018**
		N'000	N'000	N'000	N'000
Cash flows from operating activities:					
Loss on ordinary activities before taxation		(1,942,213)	(4,517,188)	(1,933,299)	(4,455,032)
Adjustments for :					
Depreciation	14	2,930,502	4,016,715	2,930,248	4,016,451
Property, plant and equipment written-off	14	46,063		46,063	
Current service cost and interest on gratuity	21	166,136	340,192	166,136	340,192
Fair value adjustment on investment property	15	(2,096,377)	-	(2,096,377)	-
Currency translation difference		1,279	310	-	-
Net adjustments for non-cash items		1,047,603	4,357,216	1,046,070	4,356,643
Interest received	11	(19,430)	(3,287)	(19,430)	(3,287)
Interest paid	11	6,594,667	5,147,170	6,594,667	5,147,170
Gratuity paid	21	(69,488)	2,289	(69,488)	2,289
Increase in gratuity plan asset	21	(81,516)	(104,444)	(81,516)	(104,444)
Income taxes paid	12	(18,428)	-	(18,428)	-
Changes in working capital:					
Increase in inventories		(2,853,958)	507,126	(2,853,958)	507,126
Decrease in trade and other receivables		(2,368,876)	(254,252)	(2,368,793)	(256,782)
(Decrease)/increase in trade and other payables		7,700,815	1,305,112	7,689,214	1,223,379
Net cash generated from operating activities		7,989,176	6,439,743	7,985,039	6,417,062
Cash flows from investing activities:					
Purchases of property, plant and equipment	14	(2,767,758)	(1,452,319)	(2,767,758)	(1,452,319)
Interest received	11	19,430	3,287	19,430	3,287
Net cash used in investing activities		(2,748,328)	(1,449,032)	(2,748,328)	(1,449,032)
Cash flows from financing activities:					
Proceeds from borrowings	22	755,919	-	755,919	-
Repayments of borrowings	22	(3,431,722)	(3,731,027)	(3,431,722)	(3,731,027)
Changes in long term payables		(3,164,006)	-	(3,164,006)	-
Changes in term loan arising from reclassification (to)/from bank overdraft	22	5,631,299	700,007	5,631,299	700,007
Interest paid	11	(6,594,667)	(5,147,170)	(6,594,667)	(5,147,170)
Net cash (used in)/generated from financing activities		(6,803,177)	(8,178,189)	(6,803,177)	(8,178,190)
Net (decrease)/increase in cash and cash equivalents		(1,562,329)	(3,187,478)	(1,566,466)	(3,210,162)
Cash and cash equivalents at beginning of period		596,769	(36,602,582)	594,933	(36,610,927)
Cash and cash equivalents at end of period	18	(965,560)	(39,790,060)	(971,533)	(39,821,089)

The notes on pages 7 to 24 are an integral part of these financial statements.

(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 (Mauritius)

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 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 interpretations issued by the 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, investment property and defined benefits plan assets at fair value.

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 5.

These financial statements were authorised for issue by the board of directors on 29 April 2019

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 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.

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 2018 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 Group, except the following set out below:

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 Group 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 2018 and earlier application is permitted. The Group 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 in the statement of financial position, 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 Group is assessing 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 within 'administrative 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss 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 other comprehensive income.

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 Group 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 statement of financial position, 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 Group 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.

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.

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

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 Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of profit or loss 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. Depreciation of these assets or parts commences when the assets or parts are ready for their intended use. 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 recognised, net of tax, in other comprehensive income and accumulated in asset revaluation reserve in shareholders' equity. To the extent that the surplus reverses a loss previously recognised in profit or loss, the increase is first recognised in profit or loss. Revaluation loss that reverses previous surplus of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other losses are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the asset revaluation reserve to retained earnings within 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 land 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	4

Capital work-in-progress is not depreciated. Attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and they are subsequently depreciated.

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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.11 **Financial instruments**

(i) Financial assets

The Group 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 Group'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 Group 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 liabilities are derecognised when they have been redeemed or otherwise extinguished.

4.12 **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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 statement of profit or loss. 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 observable

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 statement of profit or loss.

4.14 **Income taxation**

(a) Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, 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 statement of financial position 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 statement of financial position 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 reversal 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 scheme.

(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 Group 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 Group operates a funded 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 and plan assets are managed by external reputable organisation.

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 Group, and may increase the Group's obligation. Lump-sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of employees of the Group. The liability recognised in the statement of financial position in respect of the unfunded part of gratuity scheme is the present value of the defined benefit obligation at the statement of financial position 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 period in which they arise.

Past-service costs are recognised immediately in statement of profit or loss. 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 statement

(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 Group'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 statement of profit or loss on a straight-line basis over the period of the lease.

4.17 **Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

4.18 **Cost of sales**

Cost of sales is primarily comprised of direct materials and supplies consumed in the manufacture and sale 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 statement of profit or loss 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 property 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.

Valuation of investment property is performed annually.

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 – 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 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 Group’s reportable segment has been identified on a product basis as Fertilizer and the Group is a one segment business.

4.24 **Export expansion grant and Negotiable duty credit certificates**

Export expansion grant (EEG) and Negotiable duty credit certificates (NDCC) are initially recognised at fair value when the Group has complied with all the conditions precedents. At the end of each reporting period, the Group assesses whether there is objective evidence that the EEG and NDCC are impaired. Where an objective evidence of impairment is identified, the carrying amount of EEG and NDCC is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

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, the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

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

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 of financial assets

The Group has two types of financial assets that are subject to impairment:
- cash and cash equivalents, and
- trade and other receivables.

While cash and cash equivalents are also subject to the impairment, no impairment impairment loss was identified on items of cash and cash equivalents.

The Group assesses impairment of trade and other receivables based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

5.2 Export Expansion Grant Receivable and Negotiable Duty Credit Certificates

Export Expansion Grant Receivable and Negotiable Duty Credit Certificates (NDCC) is Federal Government of Nigeria (FGN) incentive to stimulate export sales. The scheme has been dormant for years resulting to the Group’s decision to make full provision for EEG earned in past years. However, NDCC has always been recognised because it is an instrument useful for settlement of duties and levies payable to government in lieu of cash. In 2018, management reversed full provision previously recognised against EEG receivable based on FGN’s revised interest in resuscitating the scheme as evidenced by filing of all oustanding claims and submission of NDCC at hand to Nigeria Export Promotion Council (NEPC). In addition, the amount due to the Group under the scheme is a sovereign debt and the outstanding amount was confirmed by NEPC.

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 Group's actuaries determine 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 Group 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 laws and regulations as applied to the transactions and activities of the Group may be challenged by the relevant taxation authorities. The Group’s management believes that its interpretation of the relevant tax laws 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 statement of financial position 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 US Dollars as it is the currency that mainly influences sales prices for its goods.

6.0 **Financial 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)

7 Revenue

	Group		Company	
	Six months 31 March 2019	Six months 31 March 2018	Six months 31 March 2019	Six months 31 March 2018
	N'000	N'000	N'000	N'000
NPK	-	-	-	-
Urea and other chemicals	12,634,941	15,147,546	12,634,941	15,147,546
Ammonia	50,105	20,912	50,105	20,912
Total	12,685,047	15,168,459	12,685,047	15,168,459
Analysis by geographical location:				
Within Nigeria	11,452,036	15,168,459	11,452,036	15,168,459
Outside Nigeria	1,233,010	-	1,233,010	-
	12,685,047	15,168,459	12,685,047	15,168,459

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	
	Six months 31 March 2019	Six months 31 March 2018	Six months 31 March 2019	Six months 31 March 2018
	N'000	N'000	N'000	N'000
Raw materials and other chemicals cost	4,447,556	4,798,257	4,489,249	4,798,257
Overheads	1,505,291	1,435,578	1,505,291	1,435,578
Depreciation	2,735,113	3,832,577	2,735,113	3,832,577
Staff cost	1,144,068	1,198,607	1,144,068	1,198,607
Haulage cost	315	139,680	315	139,680
Export Expansion Grant (EEG)	(195,495)	-	(195,495)	-
Total	9,636,848	11,404,700	9,678,541	11,404,699

9a Administrative expenses

The following balances are included as part of administrative expenses:

	Group		Company	
	Six months 31 March 2019	Six months 31 March 2018	Six months 31 March 2019	Six months 31 March 2018
	N'000	N'000	N'000	N'000
Employee benefit expense	1,304,202	1,073,777	1,289,191	1,054,864
Repair and maintenance	86,474	52,439	62,403	52,439
Consultancy	142,317	191,892	140,708	191,892
Transportation & Travel	108,093	196,284	100,977	187,370
Depreciation	195,436	184,272	195,135	183,874
Corporate promotion expenses	67,958	18,482	67,958	18,482
Directors fees	304,177	269,557	304,177	269,557
Board expenses	21,701	59,482	21,701	59,482
Foreign currency exchange loss	(6,046)	(4,190)	(6,046)	(4,190)
Bank charges	29,969	33,429	29,684	33,168
Impairment of trade receivables	(10,016)	-	(10,016)	-
Other admin and general expenses	693,001	787,586	691,552	754,682.36
Auditor's renumeration provision	20,764	20,764	20,000	20,000
	2,958,031	2,883,775	2,907,424	2,821,620

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

9b **Selling and distribution expenses**

	Group		Company	
	Six months 31 March 2019	Six months 31 March 2018	Six months 31 March 2019	Six months 31 March 2018
	N'000	N'000	N'000	N'000
Marketing expenses	214,937	362,637	214,937	362,637

9c Employee benefits expense

	Group		Company	
	Six months 31 March 2019	Six months 31 March 2018	Six months 31 March 2019	Six months 31 March 2018
	N'000	N'000	N'000	N'000
Salaries and wages	1,463,436	1,317,843	1,448,425	1,298,930
Other employee benefits	663,439	641,223	663,439	641,223
Termination benefits	31,144	4,850	31,144	4,850
Employer's pension contribution - defined contributions	136,743	128,986	136,743	128,986
Gratuity charge	153,508	179,482	153,508	179,482
	2,448,271	2,272,384	2,433,260	2,253,471

9d Analysis of employee benefits expense charged to:

	Group		Company	
	Six months 31 March 2019	Six months 31 March 2018	Six months 31 March 2019	Six months 31 March 2018
	N'000	N'000	N'000	N'000
Cost of sales	1,144,068	1,198,607	1,144,068	1,198,607
Administrative expenses	1,304,202	1,073,777	1,289,191	1,054,864
	2,448,272	2,272,384	2,433,260	2,253,471

10 **Other income**

	Group		Company	
	Six months 31 March 2019	Six months 31 March 2018	Six months 31 March 2019	Six months 31 March 2018
	N'000	N'000	N'000	N'000
Fair value adjustment on investment property (Note 15)	2,096,377	-	2,096,377	-
Rental income	-	860	-	860
Others	2,661,416	108,488	2,661,416	108,488
	4,757,793	109,348	4,757,793	109,348

11 **Finance income and costs**

	Group		Company	
	Six months 31 March 2019	Six months 31 March 2018	Six months 31 March 2019	Six months 31 March 2018
	N'000	N'000	N'000	N'000
Finance income				
Interest income on short-term bank deposits	19,430	3,287	19,430	3,287
Finance cost				
Interest expense:				
– Interest and fees on borrowings	6,594,667	5,147,170	6,594,667	5,147,170
Net finance costs	6,575,237	5,143,883	6,575,237	5,143,883

(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	
	31 March 2019	30 Sept 2018
	N'000	N'000
At start of the period	20,596	94,367
Charge for the period - Education tax	-	20,596
Payment during the period	(18,428)	(94,367)
Total current income tax liabilities	2,168	20,596

12a Deferred income tax

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

	Group and Company	
	31 March 2019	30 Sept 2018
	N'000	N'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	23,231,804	22,980,106
– Deferred tax assets to be recovered within 12 months	-	251,698
	23,231,804	23,231,804
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	33,003,000	32,974,846
– Deferred tax liabilities to be recovered within 12 months	-	28,154.00
	33,003,000	33,003,000
Deferred tax (liability)/asset - (net)	(9,771,196)	(9,771,196)

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	
	31 March 2019	30 Sept 2018
	N'000	N'000
Deferred tax assets:		
Deferred income tax asset:		
Balance at the beginning of the year	23,231,804	16,397,529
Credit to profit or loss for the year	-	6,834,275
Total deferred tax asset	23,231,804	23,231,804
Deferred tax liabilities:		
Deferred income tax liabilities:		
Balance at the beginning of the year	33,003,000	27,791,271
Charge to profit or loss for the year	-	5,197,384
(Credit)/charge to other comprehensive income for the year	-	14,345
Total deferred tax liabilities	33,003,000	33,003,000

(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	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	N'000	N'000	N'000	N'000
Profit/(loss) for the year attributable to shareholders	(1,942,213)	(4,517,188)	(1,933,299)	(4,455,032)
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)	(1.20)	(2.80)	(1.20)	(2.76)
Diluted earnings per share (Naira)	(1.20)	(2.80)	(1.20)	(2.76)

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

14 Property, plant and equipment

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 2018	14,338,731	108,501,246	744,473	272,326	441,263	5,334,343	129,632,382
Additions	-	768,532	61,499	24,882	27,119	1,885,726	2,767,758
Write-off						(46,063)	(46,063)
Reclassification	282,286	-	-	-	-	(282,286)	-
At 31 March 2019	14,621,017	109,269,778	805,972	297,208	468,382	6,891,720	132,354,077
Accumulated depreciation							
At 1 October 2018	470,779	15,348,760	489,772	218,894	360,307	-	16,888,512
Charge for the period	131,774	2,735,112	31,066	15,005	17,545	-	2,930,502
At 31 March 2019	602,553	18,083,872	520,838	233,899	377,852	-	19,819,014
Net Book Value							
At 31 March 2019	14,018,464	91,185,906	285,134	63,309	90,530	6,891,720	112,535,063

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 2018	14,338,731	108,501,246	744,473	267,876	441,263	5,334,343	129,627,933
Additions	-	768,532	61,499	24,882	27,119	1,885,726	2,767,758
Write-off						(46,063)	(46,063)
Reclassification	282,286					(282,286)	-
At 31 March 2019	14,621,017	109,269,778	805,972	292,758	468,382	6,891,720	132,349,627
Accumulated depreciation							
At 1 October 2018	470,779	15,348,760	489,772	215,451	360,307	-	16,885,069
Charge for the year	131,774	2,735,112	31,066	14,751	17,545	-	2,930,248
At 31 March 2019	602,553	18,083,872	520,838	230,202	377,852	-	19,815,317
Net Book Value							
At 31 March 2019	14,018,464	91,185,906	285,134	62,556	90,530	6,891,720	112,534,310

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 Equipment’. 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	
	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
Cost				
Opening balance	27,468,052	21,966,286	27,468,052	21,966,286
Transfer (from PPE)		1,489,813		1,489,813
Fair value adjustment (Note 10)	2,096,377	4,011,953	2,096,377	4,011,953
	29,564,429	27,468,052	29,564,429	27,468,052

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.

16 Inventories

	Group		Company	
Group	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
Raw materials	1,318,171	1,337,421	1,318,171	1,337,421
Finished goods	391,326	429,496	391,326	429,496
Goods in transit	829,100	382,383	829,100	382,383
Spare parts inventories	3,541,466	1,076,805	3,541,466	1,076,805
	6,080,064	3,226,105	6,080,064	3,226,105

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

17 Trade and other receivables

	Group		Company	
	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
Trade receivables	1,868,085	645,091	1,868,085	645,091
Less: Impairment of trade receivables	(635,075)	(645,091)	(635,075)	(645,091)
Net trade receivables	1,233,010	-	1,233,010	-
Prepayments	272,167	139,979	272,167	139,979
Employee receivables	27,924	60,205	27,924	60,205
EEG receivable	4,680,546	4,485,051	4,680,546	4,485,051
Prepaid suppliers	317,229	780,005	317,229	780,005
Other receivables	2,827,978	1,524,737	2,827,694	1,524,536
Total	9,358,853	6,989,977	9,358,569	6,989,776

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.

18 Cash and cash equivalents

	Group		Company	
	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
Cash at bank and in hand (excluding overdrafts)	1,055,700	2,410,224	1,049,727	2,408,389
Cash and cash equivalents (excluding overdrafts)	1,055,700	2,410,224	1,049,727	2,408,389

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	
	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
Cash and cash equivalents (excluding overdrafts)	1,055,700	2,410,224	1,049,727	2,408,389
Bank overdrafts	(2,021,260)	(1,813,456)	(2,021,260)	(1,813,456)
Cash and cash equivalents (including overdrafts)	(965,560)	596,768	(971,533)	594,933

19 Share capital

	Group		Company	
	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
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

20 Retained earnings

	Group		Company	
	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
Balance at the beginning	(17,197,528)	(19,883,179)	(17,373,822)	(20,165,417)
(Loss)/profit for the period	(1,942,213)	(2,013,224)	(1,933,299)	(1,907,281)
Remeasurements of post employment benefit liabilities net of tax	-	(31,015)	-	(31,015)
Revaluation reseve released on depreciation of revalued PPE	-	4,729,891	-	4,729,891
Balance at the end	(19,139,741)	(17,197,528)	(19,307,121)	(17,373,822)

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

21 **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	
	31 March 2019	30 Sept 2018
	N'000	N'000
Balance sheet obligations for:		
Post-employment benefit	777,277	762,145
Liability in the balance sheet	777,277	762,145
Income statement charge included in employee benefits expense for:		
Post-employment benefit	166,136	369,104
	166,136	369,104
Remeasurements for:		
Change in financial assumption and experience adjustment	-	44,307
	-	44,307

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 – including investment decisions and contribution schedules – lies with the company.

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

	Group & Company	
	31 March 2019	30 Sept 2018
	N'000	N'000
Present value of obligations (funded)	1,579,838	1,483,190
Fair value of plan assets	(802,561)	(721,045)
Deficit of funded plan	777,277	762,145

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

	Group & Company	
	31 March 2019	30 Sept 2018
	N'000	N'000
Balance at the beginning of the period	1,483,190	1,335,209
Charge during the period:		
Current service cost	81,931	180,856
Interest cost	84,205	188,248
	166,136	369,104
	1,649,326	1,704,313
Remeasurements:		
Actuarial losses/(gains) - change in financial assumption		-
Actuarial losses/(gains) - experience adjustment	-	44,307
Total	-	44,307
Payments from plans:		
Benefits paid by the employer	(69,488)	(265,430)
Total	(69,488)	(265,430)
Balance at the end of the period	1,579,838	1,483,190

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

(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 31 March 2019 was N149 million (31 March 2019: N138 million) while the employee contribution is included in salaries and wages.

22 **Borrowings**

	Group	
	31 March 2019	30 Sept 2018
	N'000	N'000
Non-current		
Bank borrowings	69,108,248	69,322,544
Total non-current borrowings	69,108,248	69,322,544
Current		
Bank overdrafts	2,021,260	1,813,456
Bank borrowings	9,435,675	6,265,882
Total current borrowings	11,456,935	8,079,338
Total borrowings (non-current & current)	80,565,183	77,401,882

	Company	
	31 March 2019	30 Sept 2018
	N'000	N'000
Non-current		
Bank borrowings	69,108,248	69,322,544
Total non-current borrowings	69,108,248	69,322,544
Current		
Bank overdrafts	2,021,260	1,813,456
Bank borrowings	9,435,675	6,265,882
Total current borrowings	11,456,935	8,079,338
Total borrowings (non-current & current)	80,565,183	77,401,882

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

	Group		Company	
	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
Opening balance	75,588,427	35,348,224	75,588,427	35,348,224
Additions	755,919	-	755,919	-
Reclassification (to)/from bank overdraft	5,631,299	46,429,785	5,631,299	46,429,785
Repayments	(3,431,722)	(6,189,582)	(3,431,722)	(6,189,582)
Closing balance	78,543,924	75,588,427	78,543,924	75,588,427

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)

23 **Trade and other payables**

	Group		Company	
	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
Non-current	N'000	N'000	N'000	N'000
Trade creditors	-	1,582,861	-	1,582,861
Amounts due to related parties	-	1,581,146	-	1,581,146
	-	**3,164,007**	**-**	**3,164,007**

	Group		Company	
Current	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
Trade payables	5,973,028	4,177,507	5,973,028	4,177,507
Interest and fees payable	-	135,497	-	135,497
Accrued expenses	2,101,518	1,863,447	2,085,209	1,846,318
Deposit from customers	7,266,020	5,629,529	7,266,020	5,629,529
Amounts due to related parties	5,372,329	1,203,929	5,999,478	1,843,502
	20,712,894	13,009,909	21,323,735	13,632,353

All trade and other payables are current.

24 **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 31 March 2019, 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.

(b) **Amount due to related parties:**
Particulars:

	Group		Company	
	31 March 2019	30 Sept 2018	31 March 2019	30 Sept 2018
			N'000	N'000
Notore Supply and Trading Mauritius Limited	-	-	587,149	599,573
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	5,372,329	2,785,075	5,372,329	2,785,075
	5,372,329	2,785,075	5,999,478	3,424,648

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.

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

25 **Investments in subsidiaries**

Principal subsidiaries

The group had the following subsidiaries as at 31 March 2019

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	
	31 March 2019	30 Sept 2018
	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)

26 Revenue

	Group		Company	
	Three months 31 March 2019	Three months 31 March 2018	Three months 31 March 2019	Three months 31 March 2018
	N'000	N'000	N'000	N'000
NPK	-	-	-	-
Urea and other chemicals	8,332,326	9,166,230	8,332,326	9,166,230
Ammonia	31,988	6,948	31,988	6,948
Total	8,364,314	9,173,178	8,364,314	9,173,178
Analysis by geographical location:				
Within Nigeria	7,131,304	9,173,178	7,131,304	9,173,178
Outside Nigeria	1,233,010	-	1,233,010	-
	8,364,314	9,173,178	8,364,314	9,173,178

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.

27 Cost of sales

	Group		Company	
	Three months 31 March 2019	Three months 31 March 2018	Three months 31 March 2019	Three months 31 March 2018
	N'000	N'000	N'000	N'000
Raw materials and other chemicals cost	665,654	2,187,280	665,654	2,187,280
Overheads	2,909,524	2,716,631	2,951,240	2,716,631
Depreciation	1,367,556	1,920,642	1,367,556	1,920,642
Staff cost	572,295	627,768	572,295	627,768
Haulage cost	315	68,601	315	68,601
Export Expansion Grant (EEG)	(195,495)	-	(195,495)	-
Total	5,319,850	7,520,922	5,361,566	7,520,922

28a Administrative expenses

The following balances are included as part of administrative expenses:

	Group		Company	
	Three months 31 March 2019	Three months 31 March 2018	Three months 31 March 2019	Three months 31 March 2018
	N'000	N'000	N'000	N'000
Employee benefit expense	653,860	570,124	645,550	560,667
Repair and maintenance	11,449	27,964	6,414	22,234
Consultancy	53,613	158,551	53,613	158,551
Transportation & Travel	28,499	69,132	24,941	69,132
Depreciation	98,149	93,794	97,998	93,644
Corporate promotion expenses	10,086	14,806	10,086	14,806
Directors fees	161,290	136,256	161,290	136,256
Board expenses	9,201	32,195	9,201	32,195
Foreign currency exchange loss	74,261	(39,159)	74,261	(39,159)
Bank charges	18,172	21,066	18,029	20,936
Impairment of trade receivables	-	-	-	-
Other admin and general expenses	343,867	434,717	333,929	420,840
Auditor's renumeration provision	10,000	10,000	10,000	10,000
	1,472,447	1,529,447	1,445,312	1,500,102

28b **Selling and distribution expenses**

	Group		Company	
	Three months 31 March 2019	Three months 31 March 2018	Three months 31 March 2019	Three months 31 March 2018
	N'000	N'000	N'000	N'000
Marketing expenses	91,168	115,057	91,168	115,057

28c Employee benefits expense

	Group		Company	
	Three months 31 March 2019	Three months 31 March 2018	Three months 31 March 2019	Three months 31 March 2018
	N'000	N'000	N'000	N'000
Salaries and wages	717,332	725,677	717,332	725,677
Other employee benefits	331,720	320,612	331,720	320,612
Termination benefits	29,875	1,090	29,875	1,090
Employer's pension contribution - defined contributions	67,968	68,257	67,968	68,257
Gratuity charge	70,950	72,800	70,950	72,800
	1,217,844	1,188,435	1,217,844	1,188,435

28d Analysis of employee benefits expense charged to:

	Group		Company	
	Three months 31 March 2019	Three months 31 March 2018	Three months 31 March 2019	Three months 31 March 2018
	N'000	N'000	N'000	N'000
Cost of sales	572,295	627,768	572,295	627,768
Administrative expenses	645,550	560,667	645,550	560,667
	1,217,844	1,188,435	1,217,844	1,188,435

29 **Other income**

	Group		Company	
	Three months 31 March 2019	Three months 31 March 2018	Three months 31 March 2019	Three months 31 March 2018
	N'000	N'000	N'000	N'000
Others	138,726	35,330	138,726	35,330
	138,726	35,330	138,726	35,330

30 **Finance income and costs**

	Group		Company	
	Three months 31 March 2019	Three months 31 March 2018	Three months 31 March 2019	Three months 31 March 2018
	N'000	N'000	N'000	N'000
Finance income				
Interest income on short-term bank deposits	17	2,298	17	2,298
Finance cost				
Interest expense:				
– Interest and fees on borrowings	3,467,668	2,603,261	3,467,668	2,603,261
Net finance costs	3,467,651	2,600,963	3,467,651	2,600,963