

2019 ANNUAL REPORT

# BUILDING A SUSTAINABLE FUTURE



NASCON Allied Industries PLC



# CONTENT

## BUILDING A SUSTAINABLE FUTURE

NASCON's performance in 2019 can be summarized and captured within the above theme, as our efforts and resources were invested in optimizing our capacity and growing our distribution network.

The focus of our capital expenditure embodies the mission of the organization to touch the lives of people by providing their basic needs through our nutritious products.

Like the image on the cover, a nutritious meal and recipe made using our products will be passed on from generation to generation.

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# OUR VISION, MISSION & CORE VALUES

## Vision



Our vision is to be a world class consumer goods company that is recognized for the quality of our products and services, delivering high returns to our stakeholders.

## Mission



- To deliver consistently good results to our shareholders by selling high quality products at affordable prices, backed by excellent customer service
- To satisfy market demand by producing the best quality products with the best resources and processes that comply with international industry standards and industry best practices
- To provide economic benefit to local communities in which we operate
- To set a good example in areas of corporate governance, sustainability, health and safety

## Core Values



### Customer Service

As a world-class organisation, we understand that we exist to serve and satisfy our customers. Accordingly, our customer orientation reflects intimacy, integrity and learning.



### Entrepreneurship

We continuously seek and develop new businesses, and employ innovative ideas to retain our market leadership.



### Excellence

We are a large organisation, working together to deliver the best products and services to our valuable customers and stakeholders. To achieve this, we demonstrate teamwork, respect and meritocracy.



### Leadership

We thrive on being leaders in our business, markets and communities. To drive this, we focus on continuous improvement, partnership and professionalism.



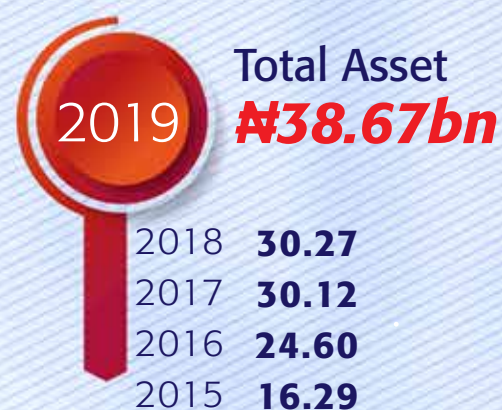
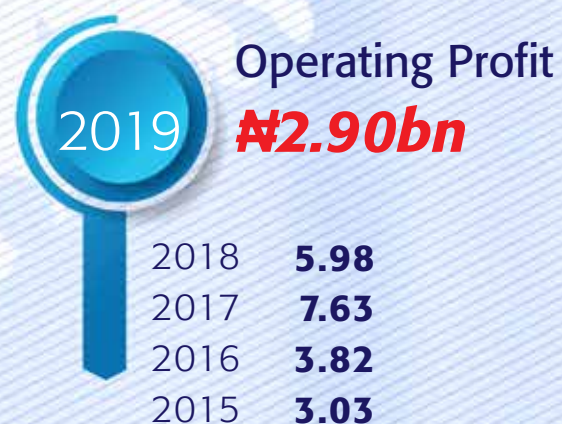
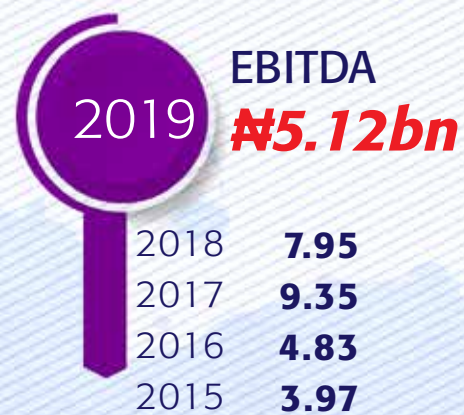
NASCON Allied Industries Plc is a member of the Dangote Group of Companies







## 2019 At a Glance



Explore  
Great Tastes

Join Us on this  
Delicious Journey





## Chairperson's Statement



## Chairperson's Statement

**"NASCON Allied Industries' core strength is its ability to position itself to be the market leader in its focus segments"**

economy, we worked hard to deliver on our key objectives. The global economic growth experienced in 2018 reversed to a synchronized slowdown in 2019. Key concerns in the global economic environment included, trade tensions between the US and China and increased fear of a global economic recession. As a result, growth in major advanced economies and several emerging markets decelerated.

In the local economy, the 2019 general elections were successfully conducted. The conclusion of the elections resulted in the tempering of pre-election uncertainties and the ramping-up of business activities. To consolidate on the success of the election, the fiscal and monetary authorities focused on growth-oriented policies that moderately raised the economic growth rate, improved the ease of doing business, stabilized exchange rates and moderated the pace of inflation. However, the policy gains were doused by global economic headwinds, mainly from the heightened US-Sino trade feud and the escalation of Brexit-related uncertainties.

Nigeria's GDP growth rate improved to 2.3% in 2019 from 1.9% in the preceding year. However, the weakening of crude prices rendered the growth rate rather fragile. The Government's policy goal to diversify the economy from over-reliance on crude oil yielded moderate results.

The Non-Oil Sector's contribution of 1.9% to GDP growth outperformed the Oil Sector's 0.4% contribution. Growth in the Non-Oil Sector was buoyed by the Telecommunication and Agricultural sectors. The increased levels of domestic food production drove inflation downwards, and average inflation in 2019 declined to 11.39% from an average of 12.14% in 2018. However, the closure of land borders in 2019 that was aimed at checking smuggling activities, impacted food availability and reversed some of the gains achieved in price stability.

In 2019, we also witnessed the passage of the 2019 Finance Bill, which was designed to stimulate economic growth. The Bill seeks to reform domestic tax laws to align with global best practices by mitigating against double taxation and regressive taxation. In addition, the Bill also addressed the perennial challenge of low tax-revenues, by increasing VAT from 5% to 7.5% and by including nonresident companies with a significant economic presence in Nigeria, in the tax net. Overall, the Nigerian economy recorded moderate improvements in the area of growth, price and exchange rate stability as well as fiscal stability.

### Operational Performance

To ensure we maintain our position as market leaders, we regularly reviewed our strategy in line with market and economic realities. These reviews provided valuable feedback during the year to ensure adequate adjustments that has ensured we remained profitable notwithstanding the high operating cost driven by the increased cost of inputs and cost of doing business.

For the financial year ended 31st December 2019, we recorded a turnover of ₦27.5bn representing a 7% increase from the previous year. However, Profit After Tax, fell by 58%, from ₦4.4bn in 2018, to ₦1.9bn in 2019. This significant reduction in profitability was largely due to increased price competition in the salt business, losses experienced in our vegetable oil business and lack of foreign exchange gains, partially mitigated by increased sales volumes in our seasoning business.

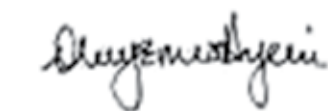
Earnings per share reduced to ₦0.70 in 2019 from ₦1.67 in 2018. Despite this depressed profitability, the Board has recommended for your kind consideration and approval at this AGM the payment of a dividend of ₦0.40 per 50 kobo share totaling ₦1.06bn (2018: ₦1.00 per 50 kobo share, totaling ₦2.65bn).

### Looking forward

The impact that COVID-19 will have on our business is difficult to predict. We are anticipating a reduction in trade and consumer stock levels, related reductions in industry volumes and revenue growth in the coming months. This, together with a general slowdown in the economy means we don't expect results to pick up until the second half of the year, when we expect the economy to start its recovery from the COVID-19 slowdown. The pandemic-related travel restrictions have led to a significant reduction in industrial activities and supply chains. Furthermore, the outbreak of this virus has intensified already existing exchange-rate pressures and increased production costs for companies in the manufacturing and consumer goods sectors.

Despite the identified challenges, the Board and Management of NASCON are determined to make the right decisions to continually grow the business. We have significantly invested in expanding our refined capacity while leveraging on our brand dominance. This enhanced capacity would be focused on driving volumes of refined salt, a bid to sustain earnings and profitability, in order to deliver competitive returns to our valued shareholders.

The Board of Directors wishes to extend its appreciation to all employees for their contributions and commitment in 2019. We would also like to thank all shareholders, customers and business partners for the confidence and support they have given us, even as we look forward to the continued development of long-lasting and mutually beneficial relationships with them. Kindly accept the assurances of my highest regards.



**Yemisi Ayeni**  
Chairperson

### Distinguished Shareholders,

On behalf of the Board of Directors, it is my pleasure to welcome you to the 2019 Annual General Meeting of NASCON Allied Industries Plc and presentation of the Annual Report and Accounts for the financial year ended 31st December 2019.

I would like to express my sincere appreciation to the Board of Directors, management, staff and shareholders for their unwavering resolve for NASCON to succeed, which has kept the company going despite the many operational and economic hurdles faced by manufacturing businesses operating in Nigeria.

### Review of 2019 business environment

Despite the uniquely challenging domestic environment, and the various headwinds experienced in the global





*The Use of Iodized Salt  
helps prevent Iodine Deficiency*



CHOOSE QUALITY, CHOOSE DANGOTE SALT

## 2019 ANNUAL REPORT OPERATIONS





## Company Overview

NASCON Allied Industries Plc is Nigeria's leading refiner and distributor of household, food processing and industrial use salt.

We employ over 500 people in our factories, warehouses, fleet and offices throughout Nigeria with our headquarters in Oregun, Lagos. We strictly adhere to rigorous industry and regulatory standards that ensure quality products for Nigeria's ever-increasing consumer and developing industrial markets. Our products have Standards Organization of Nigeria (SON), International Organization for Standardization (ISO) and the National Agency for Food and Drugs Administration and Control (NAFDAC) certifications.

We have three regional sales offices that manage the warehouses and other distribution centers strategically located to serve the Nigerian and neighbouring markets. We own a fleet of over 200 trucks dedicated to the distribution of our products across Nigeria.

### Our History

National Salt Company of Nigeria was established as a salt refinery at Ijoko, Ogun State in 1973, as a joint venture between the Federal Military Government of Nigeria and Atlantic Salt & Chemical Inc. of Los Angeles, California, USA, due to an identified need for self-sufficiency in the production of salt, an essential commodity. Construction work commenced on October 20, 1974 with the refinery completed in December 1975 and erection of plants and machinery in August 1976.

The Company was privatised in 1991 with its shares listed on the Nigerian Stock Exchange in October 1992, through which Dangote Industries Limited purchased majority shares in National Salt Company of Nigeria. Following the reverse takeover of NASCON by Dangote Salt Limited (DSL) in 2007, NASCON acquired the assets, liabilities and business undertakings of DSL.

## Our Plants

The Apapa refinery, located in the Apapa Port of Lagos, was commissioned in 2001. The Port Harcourt refinery located in the sea port in Rivers State was commissioned in 2003. The Oregun plant was commissioned in 2004 to produce refined salt.

Our plants are primarily powered through the National Grid with Caterpillar generators fueled by gas or diesel, with combined capacity to generate 6.1MW of power.

We made a strategic decision in 2011 to grow the company through new product lines and changed our name to NASCON Allied Industries in 2014 from National Salt

Company of Nigeria to reflect our new positioning. We took advantage of our existing site in Ota and construction activities commenced in 2012.

We commissioned a state-of-the-art Seasoning plant in 2014. The Tomato Paste packaging plant, which is designed to produce and package Tomato Paste from tomato concentrate was commissioned in 2015. The Vegetable Oil refinery was commissioned in 2015 to produce refined vegetable oil from crude palm oil.

## Salt

### Apapa, Port Harcourt & Oregun

NASCON offers a comprehensive salt product portfolio that are sold mostly in 50kg bags under the well-known "Dangote" brand. For us, salt is more than just the mineral that enhances the flavour in food. As an essential element in our diet, we fortify it with iodine under UNICEF guidelines and Nigerian regulations to combat iodine deficiency disorders.



## Seasoning, Spices and Mixes

### Ota

Our Seasoning is presently available in chicken and beef flavour variants. We have expanded our offerings in line with consumer needs, with the new Classic Seasoning cubes, Stew Mix and Curry powder.



## Tomato Paste

### Ota

This is a thick paste made from triple concentrate. We entered into this product category in response to an identified supply gap within the Nigerian market where local production plus imports have been unable to effectively meet local demand.

## Vegetable Oil

### Ota

In response to the obvious supply gap in the market and the perennial shortage of vegetable oil, resulting in the influx of low quality grey imports into Nigeria, we commenced the production and sale of vegetable oil as a high grade refined product for domestic and industrial-use.



## Managing Director's Review



## Managing Director's Review

**"We have made deliberate choices in directing our investments as a business – our people and product quality"**

### Considering the challenging business environment in 2019, how would you say NASCON performed?

The Nigerian business environment in 2019 experienced a number of policy shifts which had severe impacts on most manufacturing companies in Nigeria. Policy shifts such as the signing of the African Continental Free Trade Agreement (ACFTA), and subsequent border closure had severe impacts as major trading partners along the country's borders were affected.

Economic indices validate the strategic role diversification continues to play in ensuring consistent business performance across our businesses.

Despite the myriad of challenges experienced from the different facets of the business terrain, the business achieved Revenues of ₦27.5bn and EBITDA of ₦5.1bn. Our Profit After Tax for the year was ₦1.9bn compared to ₦4.4bn in 2018. Our Share Price closed the year at ₦12.95 (2018: ₦18.00) with market capitalization of ₦34bn (2018: ₦48bn). This performance is a reflection of our passion to continually deliver results even despite the challenges experienced in the course of doing our business.

### What were the main business environment challenges NASCON faced in 2019?

The major challenge for all businesses in Nigeria continues to be the availability of foreign exchange. Diminished access to foreign exchange translated into increased packaging and spare parts costs.

Unfortunately, the Apapa gridlock and deteriorating transport infrastructure remained a re-occurring experience, with negative impact on the movement of raw materials and delivery of finished goods. We also experienced significant increases in global freight prices due to increased regulatory requirements on all shipping vessels.

The porous borders during the first half of the year, encouraged dumping of smuggled products, which negatively impacted the Vegetable Oil market prices, and adversely affected our profitability in that product space.

### What were the threats to NASCON during the year? How were you able to turn them into opportunities?

We faced intense competition in specific product lines, as there were new entrants in the market. However, we were able to mitigate this by optimizing our route to market,

deepening our product penetration and focusing on customer acquisition and retention.

The persistent logistics-related challenges in Apapa and the continued decay of the road infrastructure were detrimental to the productivity of our supply chain. To reduce the impact of this on our business, we purchased new trucks to improve our turnaround time. This expanded fleet became a competitive advantage as it improved our commercial efficiency across the country.

In a world where change is constant, having the right people in the right roles is key to how we create value. This year we have focused on training and capacity building for all our staff to ensure business continuity and sustainability. This was embedded across all functions and roles across the business.

### How have you been able to position NASCON as an FMCG player?

From 2015, we embarked on a series of strategic initiatives to evolve into an indigenous FMCG company.

Leveraging the Dangote brand equity, we were aggressive in the marketing of our refined salt and seasoning products. We continually optimize the value chain ensuring that our business remains profitable to all stakeholders. We focused on ensuring availability of products across the country.

We are consistently reviewing our product offering in line with consumer needs while also focusing on product differentiation and niche market segments. Our commitment to improve customer experience through efficient delivery and excellent customer service and superior product offerings remains steadfast.

### What is NASCON Product Quality/Food safety review for 2019?

We were intentional in improving our product quality standards by reviewing our food safety policies and processes. The outcome of these reviews confirmed that we were going beyond compliance to further improve on our superior quality. Our proactive methods and feedback mechanisms have allowed us attain a system of continuous improvement throughout our quality system.

Our forward-looking processes have positioned us to effectively envisage and manage emerging issues. Food Safety and Product Quality are at the heart of how we do business and deliver value promised. We strive to always exceed our customers' expectations by providing the highest quality products using best practice methodologies.

### What is the focus of investments in the coming years?

Our investment focus in the coming years will be dedicated to offering our consumers premium products in all our segments. Our portfolio expansion initiatives include positioning new seasoning products to provide an assortment of savory taste experiences with regionalized flavors. We invested significantly in expanding our refined capacity while leveraging on our current brand dominance. We have undertaken deliberate steps by optimizing our capacity to dominate in all the Salt product segments. We will also be increasing the number of our trucks and re-distribution vans to ensure our route-to-market strategies are implemented.

### What is the outlook for NASCON in 2020?

Despite the challenging business outlook, we continue to demonstrate our resilience and optimism in 2020. We are focused on capacity expansion, human capital development, operational efficiency, cost optimization and aggressive trade in all market segments.

Finally, I want to specifically thank our trade partners, consumers, suppliers, team members and strategic stakeholders for contributing to our success story in 2019. We look forward to continuing these mutually beneficial relationships in the future.

**Paul Farrer**  
Managing Director





## Chief Financial Officer's Review



## Chief Financial Officer's Review

"We maintained market share and volumes resulting in total revenue increasing by 7% to ₦27.49bn with Salt revenue of ₦18.84bn"

Financial Highlights	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Total Revenue	27,487,788	25,769,352
Gross Profit	5,840,709	7,780,689
GP Margin (%)	21%	30%
EBITDA*	5,118,895	7,920,190
EBITDA Margin (%)	19%	31%
Operating Profit	2,901,372	5,981,006
Profit Before Tax	2,769,079	6,449,385
PBT Margin (%)	10%	25%
Net Profit	1,845,243	4,420,217
Earnings per share (₦)	0.70	1.67
Proposed Dividend per share (₦)**	0.40	1.00
Total Assets	38,668,792	30,270,429
Total Equity	11,089,285	11,893,480

\*Earnings before interest, taxes, depreciation and amortisation

\*\*Proposed dividend is subject to the approval of shareholders at the Annual General Meeting

Revenue by Product	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Salt	18,836,406	20,761,179
Seasoning	2,861,029	924,167
Vegetable Oil	1,575,956	-
Freight	4,214,397	4,084,006
<b>Total Revenue</b>	<b>27,487,788</b>	<b>25,769,352</b>

2019 was a challenging year for many businesses in Nigeria. Despite the political and economic uncertainties, we were able to increase total revenue by 7% to ₦27.49bn (2018: ₦25.77bn) with Salt revenue dropping by 9% to ₦18.84bn (2018: ₦20.76bn) driven primarily by competitive pricing; Seasoning revenue increasing by 210% to ₦2.86bn (2018: ₦0.92bn) driven by increased capacity; Vegetable Oil revenue of ₦1.58bn (2018: Nil) and Freight revenue increasing by 3% to ₦4.21bn (2018: ₦4.08bn). Due to lack of raw materials, we had no production of Tomato Paste, hence no sales in the year.

Unfortunately, the 2015 CBN Foreign Exchange policy continued to stall the importation of the necessary raw materials for both Tomato Paste and Vegetable Oil. We remain focused on sourcing both raw materials locally.

In Q4 of 2018, we started acquiring Crude Palm Oil (CPO) which we refined and sold in 2019. Unfortunately, in Q1, there was a flood of smuggled Vegetable Oil in the Nigerian market that resulted in the decline in market prices which resulted in a segmented profitability loss.

Cost of Sales	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Direct material cost	13,921,257	10,660,808
Direct labour cost	1,048,885	988,472
External haulage	3,518,951	3,312,988
Depreciation	1,897,331	1,695,263
Loading	124,935	123,883
Manufacturing expenses	1,135,720	1,207,249
<b>Total Cost of Sales</b>	<b>21,647,079</b>	<b>17,988,663</b>

Combined production efficiency for the year was 80% (2018: 77%). Salt efficiency in all 3 plants (Oregun, Apapa and Port-Harcourt) remained flat at 84% (2018: 85%). Seasoning efficiency increased to 66% (2018: 39%) as we increased our cubing capacity in the year. Vegetable Oil has a limited production efficiency of 3%. There was no production of Tomato Paste in the year.

Cost of Sales for the year increased by 20% to ₦21.65bn (2019: ₦17.99bn) predominantly from improved production in Seasoning ₦1.02bn and Vegetable Oil ₦2.47bn. Direct material costs grew by 31% compared to 2018 mainly due to increased material costs in Seasoning, Vegetable Oil and global freight costs for Salt. Depreciation increased by 12% due to new seasoning machines and delivery trucks acquired in the year. Direct labour cost increased by 6% due to performance management appraisals.

Freight increase of 6% was due to additional hiring of third party transporters to mitigate the infrastructure challenges in Nigeria and ensure timely delivery of all our products. Loading expenses had a slight 1% increase while other manufacturing expenses decreased by 6%

"Salt contributed 69% of total revenue. Seasoning and Vegetable Oil contributed 10% and 6% respectively while delivery of our products contributed 15%"





## Chief Financial Officer's Review

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
<b>Administrative and Distribution Expenses</b>		
Distribution costs	829,637	828,826
Administrative Expenses	2,044,961	1,868,153
<b>Operating Costs</b>	<b>2,874,598</b>	<b>2,696,979</b>

Distribution costs remained flat as we continued to focus our sales and marketing strategies on brand differentiation, strategic market activations and penetration. Administrative expenses increased by 9% mainly driven by depreciation of newly acquired assets and employee costs. Employee costs increased due to performance management appraisals.

“Gross profit was ₦5.84bn with a 21% margin; EBITDA was ₦5.12bn with a 19% margin and Operating Profit was ₦2.90bn with an 11% margin”

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
<b>Profitability</b>		
EBITDA	5,118,895	7,920,190
Other Income	12,804	29,265
Depreciation and amortization	(2,230,327)	(1,968,449)
<b>Operating Profit</b>	<b>2,901,372</b>	<b>5,981,006</b>

Operating profit for the year was ₦2.90bn {2018: ₦5.98bn} and operating margin for the year was 11% {2018: 23%}. The decline was due to impact of Salt competitive pricing of ₦1.53bn, Vegetable Oil profitability loss of ₦1.53bn, Seasoning volume growth of ₦1.00bn and lack of exchange gains in 2019 {2018: ₦0.99bn}.

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
<b>Finance Income</b>		
Bank deposits	520	434
Fixed deposits	18,645	381,835
Treasury bills	71,353	86,110
<b>Investment Income</b>	<b>90,518</b>	<b>468,379</b>

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
<b>Finance Cost</b>		
Interest on borrowings	183,210	-
Lease Interest	39,601	-
<b>Finance Cost</b>	<b>222,811</b>	<b>-</b>

Investment income decreased by 81% in 2019 compared to 2018 as we focused our resources on investing in Seasoning equipments to grow capacity as well as trucks to continually improve delivery efficiencies. Finance costs for the year was ₦0.22bn {2018: ₦0} driven mainly by ₦0.18bn interest on borrowings related to specific borrowings for capital projects. The average effective interest rate during the year was 14%.

The profit before tax declined to ₦2.77bn, compared to ₦6.45bn in 2018.

## Chief Financial Officer's Review

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
<b>Taxation</b>		
Income Tax Expense	923,836	2,029,168
<b>Total Tax (Charge)/Credit</b>	<b>923,836</b>	<b>2,029,168</b>

Tax expense for the year decreased by 54% to ₦0.92bn, including a deferred tax expense of ₦0.03bn {2018: ₦0.34bn}. The effective tax rate was 33%.

The profit for the year was ₦1.85bn compared with ₦4.42bn in 2018. This resulted in a 58% decrease in earnings per share in 2019 of ₦0.70 compared to ₦1.67 in 2018.

“Total asset grew by 28% as capital expenditure was focused on optimizing capacity and efficient delivery of our products”

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
<b>Financial Position</b>		
Property, plant and equipment	15,174,724	11,705,283
Right of use assets	3,639,895	-
Other current assets	16,193,439	15,977,170
Cash and bank	3,660,734	2,587,976
<b>Total assets</b>	<b>38,668,792</b>	<b>30,270,429</b>

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
<b>Borrowings</b>		
Borrowings	3,338,570	38,570
Lease Liabilities	3,257,168	-
Other non-current liabilities	2,241,505	2,249,659
Current liabilities	18,742,264	16,088,720
<b>Total liabilities</b>	<b>27,579,507</b>	<b>18,376,949</b>

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
<b>Equity</b>		
Share capital	1,324,719	1,324,719
Share premium	434,037	434,037
Retained earnings	9,330,529	10,134,724
<b>Total equity</b>	<b>11,089,285</b>	<b>11,893,480</b>

Total assets increased by 28% to ₦38.67bn {2018: ₦30.27bn}. This increase was driven predominantly by increase in capital expenditure on equipment and right-of-use-assets (IFRS 16 adoption). Capital expenditure on equipment increased by 30% for the acquisition of Seasoning cubing machines and delivery trucks. These were purchased to optimize capacity and guarantee superior delivery of our products effectively and efficiently. Cash and bank for the year grew by 41% compared to prior year to ₦3.66bn {2018: ₦2.59bn}.





## Chief Financial Officer's Review

Total liabilities increased by 50% to ₦27.58bn {2018: ₦18.38bn} primarily due to trade and other payables, borrowings and lease liabilities. Borrowings of the year totaled ₦3.30bn relating to specific borrowings for capital projects. Total equity decreased year on year by 7% to 011.09bn {2018: ₦11.89bn}.

With the adoption of IFRS 16 from January 1, 2019, all operating lease contracts, mainly related to pre-paid rental leases, are recognized on the balance sheet as right-of-use-assets of ₦3.64bn and corresponding lease liabilities of ₦3.72bn.

**“The Board has proposed a dividend of ₦1.06bn for the year, representing a payout ratio of 57%”**

### Proposed dividend

On Thursday 20th of March, 2020, the Directors proposed a dividend of ₦0.40 per share {2018: ₦1.00} to be paid to shareholders on Wednesday 29th of July, 2020. The dividend represents a payout ratio of 57% {2018: 60%} reduced due to capital expenditure requirements in 2020. The proposed dividend is subject to the approval of shareholders at the Annual General Meeting on Monday 27th of July, 2020. If approved, the total amount payable will be ₦1.06bn {2018: ₦2.65bn}. The dividend will be payable to all shareholders whose names appear in the company's Registrar of Members at close of business on Tuesday 14th of July, 2020.

### Approval of Financial Statements

In compliance with the Regulatory requirement in Nigeria, the Statements of Financial Position as at 31 December, 2019 has been signed by NASCON Allied Industries Plc's Finance Controller, Tunde Iwamofe, who is a Registered Member of a Nigerian Professional Accountancy Institute.

### Going Concern

The Directors continue to apply the Going Concern principle in the preparation of the financial statements. After considering the liquidity position and the availability of resources, the Directors concluded that there are no significant threats to the Company's Going Concern capabilities. The Directors believe that the current working capital is sufficient for the operations and the Company generates sufficient cash flows to fund its operations.



**Aderemi Saka**  
Chief Financial Officer





## Management Team

**1. Paul Farrer****Managing Director**

Paul joined NASCON as Managing Director in 2015, having previously been the Chief Operating Officer and Group Executive Director of Food Concepts Plc.

His experience in the foods business spans 23 years in the South and West African markets; in international companies such as TGI Fridays (Americana Group), Steers Holdings – Debonairs Pizza, Famous Brands and Innscor International.

He is an alumnus of East London Technical College, South Africa.

**2. Fatima Aliko-Dangote****Executive Director, Commercial**

Fatima joined NASCON as Executive Director Commercial in 2016. Prior to that she joined the Dangote Group in 2014 as the Special Assistant to the Managing Director-Cement and later worked as a Group Corporate Strategy Specialist. In this latter role, she provided planning and analytical support across all the Business Units of the Dangote Group.

She holds a Bachelor's degree in Law from the University of Surrey in the UK. Fatima has been called to the Nigerian Bar, and has worked as an Associate at Banwo and Ighodalo Legal Chambers, on areas related to capital markets, intellectual property and energy.

**3. Aderemi Saka****Chief Financial Officer**

Aderemi has 20 years of experience working in the United States with various multinationals and publicly traded corporations. Prior to joining NASCON as CFO, Aderemi was part of the Group Corporate Strategy team at Dangote Industries Limited.

She has a Bachelor's Degree in Accounting and a Masters in Business Administration (International Business) from Georgia State University, USA.

She has experience in financial analysis, planning, budgeting, forecasting, operational and financial risk management, regulatory controls, internal audit, financial strategy, modeling, and program management.

**4. Murtala Zubair****Head, Human Resources and Administration**

Murtala is a trained HR practitioner having obtained a Bachelor of Science degree in Economics and a

## Management Team

Masters of Business Administration (MBA) from the Bayero University, Kano and Ahmadu Bello University respectively. He joined Dangote Industries Limited in 2002 and later reassigned to Dangote Sugar Refinery Plc in 2009 as the Head, Human Resources/Admin.

Prior to joining the Group he worked at the Bank of Agriculture, Financial Institutions Training Centre (FITC) and Liberty Bank Ltd. He is an active member of the Chartered Institute of Personnel Management of Nigeria (CIPMN).

**5. Olushola Shosanya****Head, Sales**

Shola has decades of experience in sales management, sales force management and warehousing. He is also a Sales trainer. He started his career in Nigerian Bottling Company, where he received both local and international trainings on sales management and trade activations

He joined NASCON in 2016 having previously worked at 3D Impact Marketing as a Marketing consultant and holds a Bachelor's degree in Animal Science from Obafemi Awolowo University and Post Graduate Diploma in Marketing from the University of Lagos.

**6. Olusegun Ajala****Head, Marketing**

Olusegun is a marketing professional with over 13 years' cognate experience in experiential marketing, consumer marketing, trade channel development, category management, shopper marketing, new product development, public relations, events and sponsorship.

He joined NASCON in 2016 having previously worked at Nigeria Bottling Company. He has a Bachelor's degree in Pure and Applied Chemistry from Ladoke Akintola University of Technology and Master's degree in Marketing and Management from the University of Bradford, UK. He is a fellow of the National Institute of Marketing of Nigeria, and an affiliate member of the Chartered Institute of Marketing UK.

**7. Shalom Okonmah****Head, Procurement**

Shalom has 21 years of work experience spanning sales, finance, treasury, procurement, international trade and importation. She holds an Accounting degree from Edo State University and a Masters in Business Administration from the University of Calabar. Shalom started her career with Dangote Group as an





## Management Team

Executive Officer in 1997 before moving to Dangote Agrosacks Limited, where she rose to the position of Head Treasury, Procurement and Clearing.

She is also a member Chartered Institute of Purchasing and Supply Chain Management and Chartered Institute of Cost Management.

### 8. Jude Amaechi

#### Head, Health Safety and Environment

Jude joined NASCON in 2017 with over 13 years of valuable experience. Prior to NASCON, he was a HSE Coordinator at Ponticelli Nigeria Limited.

He has a Bachelor's degree in Soil Science and Technology and a Master's degree in Soil Survey and Land Use Planning from Federal University of Technology, Owerri.

He is a certified HSE professional from National Examination Board of Occupational Safety and Health UK, Occupational Safety and Health Academy USA, ISO 9001: Quality Management System UK. He is a member of the Institute of Safety Professionals of Nigeria and Nigeria Institute of Chartered Management.

### 9. Ayokunle Ushie

#### Head, Risk Management

Ayokunle was Corporate Finance and Risk Management practitioner with a number of local and international banks

He joined the Dangote Group Risk Management Department in 2016 and subsequently Nascon Allied Industries in 2018. Ayokunle has a Bachelor's Degree in Geography from the University of Ilorin and a Masters in Business Administration from the University of Nicosia, Cyprus.

He is a member of the Institute of Operational Risk (IOR) and an Alumni of the Risk Certification Program of the Global Association of Risk Professionals (GARP). Ayokunle's core experiences are within data mapping, risk modeling(Operational, Credit and Market), estimated loss projections and engineering risk surveys.

### 10. Patrick Mogaha

#### Head, Internal Audit

Patrick began his audit career as a Financial Auditor with First Bank of Nigeria PLC and has over 20 years of experience in Internal Audit, Information Systems Audit and Fraud & Forensic Audit. Prior to joining NASCON, he was the Deputy Head of Audit for Dangote Cement. Patrick is a Fellow of the Institute of Chartered

Accountants of Nigeria, Certified Fraud Examiner, Certified Forensic Accountant, Certified Information Systems Auditor and a former member of Committee of Chief Inspectors of Banks in Nigeria. He holds a Bachelor degree in Accounting and a MBA in Banking and Finance from ESUT Business School, Enugu.

### 11. Tunde Iwamofe

#### Financial Controller

Tunde is a seasoned professional with over 12 years of experience in financial reporting, analysis, planning, budgeting, forecasting, internal audit, tax planning and computation. He joined NASCON in 2008 having previously worked an Account Manager for Somotex Nigeria Limited, a member of the Mohinani Group of Companies.

He is a graduate of Federal Polytechnic Bida, Niger State and a Fellow of the Institute of Chartered Accountants of Nigeria. He is also a Certified Change Manager.

### 12. Kolawole Samuel

#### Acting Head of Operations

Kolawole Joined the company in 2004 and has worked in various capacities including Production manager, Quality control manager, Maintenance manager, Plant manager and Operations manager.

He is a graduate of Food Engineering from Ladoke Akintola University of Technology, with both local and international training on production management and Salt refinery operation training from GIUSTI LTDA Brazil. A professional member of Nigeria Institute of Food Science and Technology (NIFST).

### 13. Kayode Balogun

#### Quality Control Lead

Kayode started his career with De-United Foods Industries Limited in 2007 and then proceeded to Leventis foods Limited, a subsidiary of AG Leventis PLC. In 2012, he managed the role of Head National Quality /Food safety for Kentucky Fried Chicken (KFC), Nigeria. His experience in the foods business spans regulatory compliance, Suppliers audit, Quality/food safety management, and Analytical Laboratory management.

He is a graduate of Microbiology & Virology and has an MBA from University of Calabar. He is ISO 9001:2015, ISO 22000:2018 Certified, Ireland. He is a professional member of Institute of Public Analyst of Nigeria (IPAN), Nigeria Food Science and Technology (NIFST) and a Certified member of Global food service Institute (GFI), State University of New York.

### 14. Kingsley Ejike

#### Senior Transport Manager

Kingsley has about 9 years cognate experience. A professional in the field of transportation, fleet and logistics Management. He holds a Bachelor degree in Economics from the prestigious University of Uyo, Akwa Ibom, Calabar, Nigeria.

He is a certified Member of Nigeria Institute of Transport Technology of Nigeria(NITT). His work experience spanning across coordination and delivery of trucks, routing of conveyors to meet material demand and Analysis of data for strategic decisions.

### 15. Adedayo Samuel

#### Company Secretary

Adedayo was the pioneer Company Secretary of NASCON when the Company was privatized by the Federal Government. He was responsible for taking the Company to the Nigerian Stock Exchange upon privatization in 1992.

He has extensive and varied experience in Corporate Governance, broad exposure in litigation and in the Judiciary where he had served as a Chief Magistrate. He obtained his LLB degree from the then University of Ife and was called to the bar over three decades ago.





## Human Resources Report



## Human Resources Report

**“Continuous quality learning and human capital development have become critical success factors for our organization.”**

The Human Resources function being a strategic business partner focuses on identifying, developing and retaining our talents because the world of work depends on human capital. Our people are proud to say they work for one of the most respected consumer goods companies in Nigeria.

### Employment Equity and Gender Practices

NASCON is an equal opportunity employer that does not discriminate on the basis of gender, religion, ethnicity, age or disability. We can openly announce that our recruitment processes are in line with this practice. This can be attested by our diversity at all levels including our executive leadership team.

### Performance Management System

The annual performance appraisal exercise is now fully established. The staff have begun to accept the outcome as not just reward-centered but also developmental. It has provided us with a platform through which skills gaps of each individual are captured and appropriate intervention meted out to bridge such gaps.

In the area of reward, employees that have exceeded performances were either promoted to perform at higher

positions or given various performance bonuses.

### Long Service Awards

The following staff were celebrated with their families for the long and active service to NASCON:

- 1 Staff for 20 years
- 15 staff for 15 years
- 32 staff for 10 years

We shall continue to appreciate those that have remained loyal and continually add value to the company.

### Employee Engagement

In order to maintain team spirit and high morale, we maintain a good communication link with the employees through various platforms to communicate directly with the executive management team. In addition to staff welfare, we also provide clarifications on company performance and future plans.

### HR Process Automation

Year 2019 marked the successful implementation of a cloud-based Human Capital Management (HCM) solution which automated our HR processes.

With the introduction of SAP SuccessFactors (SF), all the routine HR activities were automated to enable the adoption of HR best practices and to focus on strategic HR activities. We have implemented the following modules:

- Employee Central (EC)- Employee self-service portal and Manager self-service portal for access to employee information and documentation;
- Performance Management & Goals Management (PMGM)- Automated KPI setting and performance appraisals;
- Learning management system (LMS)- Online learning for employees at their convenient time and place;
- Career Development and Succession Planning (CDSP) - Talent management and visibility to talent pool across the organization.

### Learning and Development

Our Learning and Development interventions are put in place to bring out the best of the employees for successful performance of their jobs.

During the year, we trained over 500 employees in major courses offered by the Dangote Academy, which included modules in SAP (the group-wide ERP) and critical functional and leadership programmes.

Other training areas include the following:

- Mandatory Professional Programs (MCPE)
- Supply chain Management
- Finance and Accounts
- Production and Maintenance
- Project Management
- Human Resources Management
- Health, Safety and Environment.

### Future Prospects

Particularly in line with NASCON's HR strategic focus on Employee Experience (EX) in the coming years, NASCON will be co-creating experiences on physical, human and digital levels that will inspire its workers to bring their best to their jobs every day. There would be disruptions or uncertainties in the coming years and to take advantage of any opportunities these may present, we will leverage on the strength of our employees to produce the best quality products, increase market share, generate more sales and create value for all stakeholders.

**Murtala Zubair**

Head Human Resources and Administration





## Risk Management Report



## Risk Management Report

**"Our objective is to incorporate the risk management culture into every process, thereby ensuring sustainable growth along the value chain."**

The Board and Management of Nascon Allied Industries has amongst its priorities, the achievement of a forward-looking risk management strategy, achieved through the implementation of best practice policies executed within a sound control environment. This has enabled NASCON to deal appropriately with changes in the economic, social and regulatory context in which it operates, contributing to the progress of people and businesses. Risk management is therefore one of the key functions in ensuring that NASCON remains a robust, safe and sustainable organization, that guarantees a management aligned with the interests of its employees, customers, shareholders and society.

At NASCON, our Risk Management Framework aims to identify the resulting opportunities and risks we are exposed to as a result of our very dynamic operating environment, and take the necessary measures in the specific areas affected in due time to ensure that we achieve a sustained increase in enterprise value. This report provides our overview of our approach to managing risk, risk management process and tools, risk profile, 2019 overview and 2020 outlook.

### OUR APPROACH TO MANAGING RISK Risk Governance

For the proper development of the Risk Management function, NASCON has a Risk Management Framework, which is in place to ensure that the risk decisions taken are appropriate and efficient and that they are effectively controlled within the established risk appetite framework. The Head of Risk Management oversees this function within the organization, advises and challenges the Executive Line and also reports independently to the Finance, Risk & Audit Committee of the Board.

### 3 Lines of Defence

NASCON's management and control model is based on three lines of defence.

1. The business functions and all support functions that generate exposure to a risk make up the first line of defence. The role of these functions is to establish a management structure for the risks that are generated as part of their activity ensuring that these remain within the approved limits.

<b>The Board</b>	Set and approve Overall risk management framework Regularly review NASCON's key exposures and approve mitigation plans Provide strategic direction for the business based on its approved risk appetite Access the organizational effectiveness via the audit function		
<b>Senior management</b>	Provide oversight and assurance of the Enterprise Risk management Framework Determine mitigating action plans to manage identified risks Allocate risk acceptance limits for all business operations and activities Regularly monitor the adequacy of risk mitigation plans		
<b>Business units 1<sup>st</sup> Line of defense</b>	<b>Internal Control 2<sup>nd</sup> Line of defense</b>	<b>Risk Management 2<sup>nd</sup> Line of defense</b>	<b>Internal Audit 3<sup>rd</sup> Line of defense</b>
Identify and manage risk exposures at the job function level	Define and ensure proper implementation of all internal control policies and procedures	Develop and implement a holistic Enterprise risk Management framework at all levels and subsidiaries of the business	Provide independent assurance of the effectiveness of the group's risk management and internal control framework

2. The second line of defence consists of the risk management and internal control function. The role of these functions is to provide independent oversight and challenge the risk management activities performed by the first line of defence. These functions are responsible for ensuring that the risks are managed in accordance with the risk appetite defined by senior management and to foster a strong risk culture across the whole organisation. They also act to provide guidance, advice and expert opinion in all key risk-related matters.
3. Internal audit acts as the third line of defence. As the last layer of control, it regularly assesses policies, methods and procedures to ensure they are adequate and are being implemented effectively in the management and control of all risks.
4. The risk management, internal control, compliance and internal audit functions are sufficiently separated and independent from each other, and regarding to other functions they control or supervise for the performance of their duties, and they have access to the Board of Directors and/or its Committees.

### Management Process and Tools

In line with the Risk Management framework, we have adopted a robust process that provides enough information, capability and tools to manage our key risks. Qualitative and quantitative tools deployed to manage this process effectively include close monitoring of credit risk exposures, conduct of Risk and Control Self-Assessments, collation and monitoring of approved Key Risk Indicators, timely Loss Incident Reporting and adequate Insurance cover. These initiatives are supplemented with ad-hoc, on-site assessments or incident assessments when unexpected

high risks are envisaged or occur.

To this end, the following key processes were deployed to identify, quantify, manage and monitor NASCON's key risk exposures in 2019.

**Risk Identification:** We believe that effective risk management starts with everyone. To ensure greater efficiency, risk identification has been embedded in our business process planning, change procedures, and development of new product lines or attempts to take on new markets.

Risk identification is inherently an on-going process. To aid proper risk classification, all risks must be assigned into one of these four risk types:

- **Business Continuity:** The potential that a prolonged business disruption affects critical business activities of NASCON and thus causes loss of business and/or reputational damage.
- **Operational Risk:** The potential for risk exposures arising from the failure of people, processes, or technology or the impact of external events to crystallize and result in financial losses or reputational damage.
- **Financial Risk:** Any potential loss(es) arising from financial risks such as counterparty defaults, adverse market price movements, liquidity (funding) issues and taxation issues.
- **Business and Strategic Risk:** Any potential damage to the franchise and loss of earnings resulting from any faulty or improper implementation of NASCON's strategic plan or adverse impact of competitors' business activities.





## Risk Management Report

**Risk Analysis:** The process commences when a risk exposure has been identified. Appropriate analysis is carried out and relevant stakeholders notified of points of failure requiring further analysis or risk evaluation. What constitutes appropriate analysis will vary by risk type and policies. For instance, for credit risk, financial analysis of the counterparty (customer receiving credit, bank providing guarantee, owner of company, etc.), analysis of the structure of the transaction, and likely movements in exposure would be required to assess the risk.

**Risk Evaluation:** After risk exposures have been identified and analyzed, proper evaluation of its impact to NASCON whether financial or non-financial is undertaken. In determining the degree of impact, or size of risk exposure, the potential severity and likelihood of occurrence is ascertained using an impact-frequency measurement chart defined in the Group Risk Management framework. Management information systems are in place to allow the risk information to be used by those managing risk and business on a day-to-day basis, and at a suitably aggregated level, for senior management to understand and challenge process owners. Management information presented to senior management enables the identification of high-risk exposures, risk concentrations and holistic risk remediation to be agreed on.

**Risk Treatment:** Upon evaluation of identified risks, agreed controls are implemented to ensure that related business activities are operated and managed within NASCON's risk appetite. Controls usually take the form of setting of operational or transaction limits, business process re-engineering, insurance coverage, outsourcing, segregation of duties, or any other measure that would achieve the desired risk treatment whether it be risk minimization, risk elimination, risk avoidance or risk sharing.

**Risk Monitoring:** At NASCON, to aid the effective monitoring of our risk exposures, we have instituted fit-for-purpose tools and methodologies that would enable proper tracking of control implementation, measure adequacy of control in managing identified risk and correlated risk factors, and the likelihood of new risks emerging after treatment of identified risks. Our Key Risk Indicator Dashboard is very robust and has well defined quantitative parameters that enable these levels of monitoring.

**Risk Reporting:** The Risk Management Department ensures proper conduct of all risk management processes and ensures timely and accurate reporting of observed risk trends and evaluated risk exposures to all key stakeholders. By so doing, it provides independent and transparent accounts of risk events, related measurements, required treatments and risk escalation to the Board of Directors, where necessary. Key requirements for risk reporting include:

- Data Compilation and Review: Collation, analysis and evaluation of risk data from all stakeholders in the organization;
- Information Dissemination: Provide financial data, and information on operational and business activities from a risk perspective for regulatory, external, and internal reporting;

### Risk Management Process



### Risk Advisory on:

- Appropriate risk calculations and prioritization methodology to adopt for financial risks;
- Other risk measurement methodologies to deploy for measuring and appropriating non-financial risks; and
- Stakeholder Engagement: Accurate and timely dissemination of key threats to achieving set business objectives, business opportunities unearth after review of these threats and mitigation plans to adequately manage the impact of identified threats to ensure risk ownership and accountability is built at all levels in NASCON.

### RISK PROFILE

#### Credit Risk

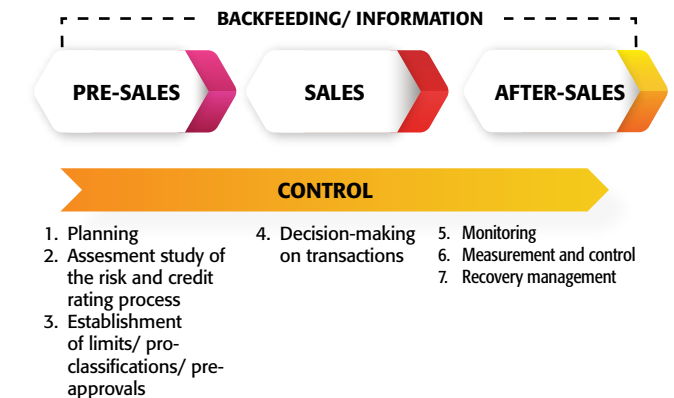
Credit risk is the risk of financial loss arising from the default or credit quality deterioration of a customer or other third party, to which NASCON has provided credit to. NASCON's Credit Risk function is organized on the basis of two types of customers:

- The SMEs and commercial segment which is in turn, divided into sub segments by exposure levels, which enables risk adjusted rating to each particular customer. It also includes public sector activities in general.
- Corporate segment consists of corporate customers with specific requests in terms of product composition, packaging and delivery. This list is determined on the basis of a full analysis of the company (business type, level of geographic diversification and product types).

#### Credit Risk Cycle

Credit risk management is organised around a sound organisational and governance model, with the participation of the Board of Directors and the Management Credit Committee, which establishes the risk policies and procedures, the limits and delegation of powers, and approves and oversees the framework of the credit risk function.

## Risk Management Report



#### Operational Risk

Following the Basel framework, NASCON defines Operational Risk as the risk of losses resulting from failures in its internal processes, people or systems, or external events. Operational risk is inherent to all products, activities, processes and systems and is generated in all business and support areas. For this reason, all employees are responsible for managing and controlling the operational risks generated in their sphere of action.

During the year 2019, the Management of NASCON has sought further improvement in its management model through a number of different initiatives designed by the Risk Management Department. These initiatives were designed to enhance operational risk management capacities through an advanced risk measurement





## Risk Management Report

approach, helping to reduce future exposure and losses impacting the income statement.

A series of quantitative and qualitative corporate techniques and tools have been defined to identify, measure and assess operational risk. These are combined to produce a diagnosis on the basis of the risks identified and an assessment of the area or unit through their measurement and evaluation.

### Operational Risk Management Framework

The quantitative analysis of this risk is carried out mainly with tools that register and quantify the level of potential losses associated with operational risk events. Qualitative analysis seeks to assess aspects (coverage, exposure) linked to the risk profile, enabling the existing control environment to be captured. The most important operational risk tools used by NASCON are as follows:

- **Loss Incident Database:** The objective is to capture NASCON's operational risk events. This is not restricted by thresholds (i.e. there are no exclusions for reasons of amount), and events with both accounting (including positive effects) and non-accounting impact are entered.
- **Risk and Control Self Assessments (RCSA):** RCSA identifies and assesses the material operational risks that could stop a business or support unit achieving its objectives. Once they are assessed in inherent and residual terms, and the design and working of the controls are evaluated, mitigation measures are identified if the risk levels prove to be above the tolerable profile.
- **Key Risk Indicators (KRIs):** These are various types of statistics and parameters that provide information on an institution's risk exposure and control environment. These indicators are regularly reviewed in order to flag up any changes that could reveal risk problems.
- **Audit and regulatory recommendations:** These provide relevant information on inherent risk due to internal and external factors, enabling weaknesses in the controls to be identified.
- **Customer complaints:** NASCON's increasing systemization of the monitoring of complaints and their root causes also provides relevant information for identifying and measuring risk level

### Compliance Risk

- The compliance and conduct function fosters the adherence of NASCON to the rules, supervisory requirements, principles and values of good conduct, by setting standards, and discussing, advising and reporting in the interest of employees, customers, shareholders and the community as a whole.
- This function addresses all matters related to regulatory compliance, prevention of insider trading, consumer protection, and reputational risk.

### Strategic Risk

- Strategic Risk is the risk of loss or harm arising from strategic decisions or poor implementation of decisions affecting the long-term interests of NASCON's main stakeholders, or inability to adapt to changes in the environment. The effective monitoring of NASCON's strategy ensures it is viable and sustainable, and capable of generating results in line with our objectives and over time.

### Our Focus in 2019

At NASCON, the satisfaction of our customers is integral to achieving our business objectives making risk management a necessary and intrinsic part of how we carry out business. We accept the risks we can manage that in some situations results in the management of these threats or risk exposures giving us a competitive advantage. Where that is not the case, we put in place measures to mitigate or avoid risk exposures. For this reason, we have implemented a robust risk management system that conforms with our business operating model and ensures continued business development and achievement of our set objectives.

We review our principal risks regularly because we work in a dynamic and competitive environment, where new risks constantly arise. Previously identified low risk exposures may evolve to high risk exposures that crystallize in significant financial losses or reputational damage. Furthermore, the Board of Directors need reasonable assurance that its risk management and reporting systems remain sound. Strict risk governance is upheld with the development and implementation of a bouquet of risk management policies and procedures that ensures a healthy risk-reward balance for all stakeholders. These controls were designed to ensure a good balance between cost and effectiveness is always struck.

In 2019, consolidating on the data obtained from our internal and external assessments which were carried out within various parts of the business, at different times during the year, we have been able to better understand our exposures and adequately prepare effective mitigating strategies. Our key focus areas for the year included but were not limited to the following:

- Quantification of the Risk Appetite statement;
- Modification of our Credit Risk Management process to ensure gaps in customer profiling are adequately covered;
- New product risk management;
- Expanding the scope of our risk assessments to include third party and supplier risk assessments; and
- Increased monitoring of driver behavior and review of workshop practices to better customer service delivery.

Feedback from these assessments have informed some activities going forward; these include:

- Regular review of customer credit profiling;
- Continuous review of all third party suppliers and contractors to ensure quality and timely delivery is maintained; and
- Further strengthening of NASCON's holistic control landscape leveraging on building synergies within all control functions to ensure the achievement of agreed corporate objectives.



## Risk Management Report

### Risk Management Outlook for 2020

As a result of the challenges posed by COVID-19 we anticipate a negative GDP growth at -0.4%. However, we expect the economy to gradually open during the second half of the year based on the following assumptions: Nigeria produces 1.9mn barrels per day with crude oil prices at \$40 per barrel; and economic stimulation following the proposed Government capital spending at ₦1.5tn and implementation of sectoral support interventions. NASCON is positioning to take advantage of this economic growth with its increased capacity, improved monitoring of service delivery channels, strengthening of our distribution, network, and continuous review of our product offering to meet customer expectations.

Our core business risk exposures include foreign exchange volatility, interest rate unpredictability and threat of illiquidity. To ensure risk monitoring of these exposures, eight principal risks that could have an impact on NASCON have been defined and appropriate mitigation plans put in place.





## Risk Management Report

Risks	Risk Description	Potential Impact	Mitigation Plan
1 Possible Devaluation of The Naira	Inability of the Central Bank of Nigeria to continually defend the Naira against the USD	Devaluation would negatively impact profitability and asset quality	<ul style="list-style-type: none"> <li>• Maintain all loans in local currency</li> <li>• Explore more options for increasing FX revenue</li> </ul>
2 Political Risk Exposures	Political instability resulting from post-election resolutions, activities of insurgents in the North East and Niger Delta regions	Possible disruption of production in Port-Harcourt and distribution of finished goods	<ul style="list-style-type: none"> <li>• Regular review of Business Interruption and GIT Cover</li> <li>• Regular review of distribution routes</li> </ul>
3 Macro-Economic Risks	Possibility that the Nigerian economy would fall back into recession	Renewed downturn would have negative effects on disposable income of consumers	Continuous review of costs to ensure the ability to absorb market fluctuations
4 Poor Market Growth	New businesses and proposed expansion do not hold their growth prospect or develop as predicted.	Negative impact on revenues, cash flows and profitability sustainability	<ul style="list-style-type: none"> <li>• Ensure regular portfolio financial and opportunities reviews to monitor investment and cash allocation across all businesses</li> <li>• Target market leadership in all prime markets</li> <li>• Focus on industries where reach is strong</li> </ul>
5 Loss of Market Share	Change in the business dynamic, whereby a competitor's product may lead to loss of competitive advantage	<ul style="list-style-type: none"> <li>• Negative impact on revenues, cash flows and sustainable profitability</li> <li>• Inefficient distribution of physical, human and financial resources</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage on customer feedback, balance short-term improvements with longer-term solutions</li> <li>• Promote agility, benchmarking and quick market responses</li> </ul>
6 Decline in Product Quality & Service Delivery	Technical requirements becoming more complex, and demanding with increase in customer base and preferred specifications	<ul style="list-style-type: none"> <li>• Potential reputational damage</li> <li>• Loss of market share</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous review and stress testing of refining process</li> <li>• Continuous customer engagement to ensure feedback is acknowledged and addressed</li> </ul>
7 Inability to Retain Best Talent	Inability to retain and motivate the best people with the right skills, at all levels of the organization due to activities of competition	<ul style="list-style-type: none"> <li>• Inability to attract, develop and retain highly qualified management and suitably skilled employees, particularly to address our expansion initiatives</li> <li>• Shortage of appropriately skilled manpower</li> </ul>	<ul style="list-style-type: none"> <li>• Established robust training, development, performance and rewards management programmes to retain, develop and motivate our people</li> <li>• Develop a Succession plan for senior management positions</li> </ul>
8 Health, Safety, Social & Environment (HSSE) Risk	Exposures resulting from unsafe acts both within and outside the premises	<ul style="list-style-type: none"> <li>• Increased insurance premiums</li> <li>• Increased legal risk exposure</li> <li>• Declining public perception</li> </ul>	<ul style="list-style-type: none"> <li>• NASCON has instituted policies, procedures and standards for ensuring compliance with Health, Safety, Social &amp; Environment global best practices, and relevant local and global legal obligations or industry standards</li> <li>• All Management meetings feature HSSE status reviews</li> <li>• HSSE Performance indicators have been defined, are closely tracked and analyzed for operations of the organization.</li> </ul>

*Kunle Ushie*

**Ayokunle Ushie**  
Head, Risk Management



*To keep your Vegetables and Fruits  
free of germs, wash with*  
**Dangote Salt**





## Health, Safety, Social and Environment Report



## Health, Safety, Social and Environment Report

**“Our goal is to proactively create a safety culture, where all unsafe acts and conditions are identified and prevented”**

As we reflect on our HSSE Annual performance, we examined our journey of 2019 based on our successes, challenges and opportunities for improvement in the coming years. We paid critical attention to areas of industrial and transport safety to address our challenges and mitigate our risk.

We looked at our staff, visitors, contractors and interested parties activities into context in this report, based on good GMP and relevant legislations and industry laws of the land. NASCON is committed to promote and embed in our staff and business associates an occupational health, safety, social and environment system that is proactive and robust to ensure protection of lives, assets and wellbeing of staff and interested parties. Hence, we are developing and applying effective and efficient health, safety, social and environmental management system, standards and cultural practices appropriate to the workplace.

Since the official unveiling of the HSSE team in 2017, NASCON has continually strived to be the leader in food and beverage industry as a provider of high quality products to meet our customer demands, keeping food safety in mind as our priority. Our people are key to our success and we are committed to their safety, health and welfare as well as the protection of the workplace environment. We

believe strongly that every job can be completed safely, in a way that the health, safety of our team, clients and partners is not jeopardized. We also take reasonable actions not to impact on the environment negatively.

One of our goals at NASCON is to proactively create a safety culture where all unsafe acts and conditions are identified, prevented and employees act in a manner that demonstrates their personal commitment to this belief. Valuing each other is one of NASCON's cardinal values and this starts with every employee being passionate about keeping each other safe, committed to preventing every single injury and recognizing the benefits of safe behavior.

Health and safety has been integrated in our business management processes. NASCON is committed to continuous improvement of our HSSE operation, at the same time developing the skills and experience of our staff. For the operational year 2019, our slogan was **“Think safety! Act safely!”** which is an all-round HSSE goal for all employees to have in their hearts and minds.

This principle is to entrench the knowledge of our HSSE policy to all staff and associates. The management has demonstrated their commitment by investing in the safety and welfare of the staff and workplace environment.

We ensure compliance to regulatory requirements and cultivate a continuous improvement mind-set toward HSSE.

As a business, our HSSE is considered significant whilst we maintain our relentless focus on **“Goal Zero”** with high emphasis on people, assets, environment and reputation. This report covers another year of progressive milestone achievements with regards to health safety, social and environment.

### Corporate HSSE Policy

We consistently believe that the health and safety of our employees are pivotal. In addition, our environment shall be sustainably maintained and our host communities shall be incorporated into our business model. Our HSSE Policy clearly states that HSSE is leadership based and that each employee is the first and most important asset of the company and everyone has to comply to the policy. We all proactively report working conditions or practices that pose health and safety hazards / threats to harm the environment and take reasonable actions to eliminate or control such risk. Our vision is to institutionalize an incident and injury free workplace focusing on people and asset whilst protecting the environment, producing quality products and ensuring a peaceful co-existence with our host communities.

### Corporate Objective

NASCON has had a positive shift in our safety culture to a point where we can speak the language of sustainable health, safety, social and environment, thereby improving our performance and having a healthy engagement across all, stakeholders.

Finally, to achieve an acceptable environmental regulatory threshold for all parameters within and outside the operational facilities.

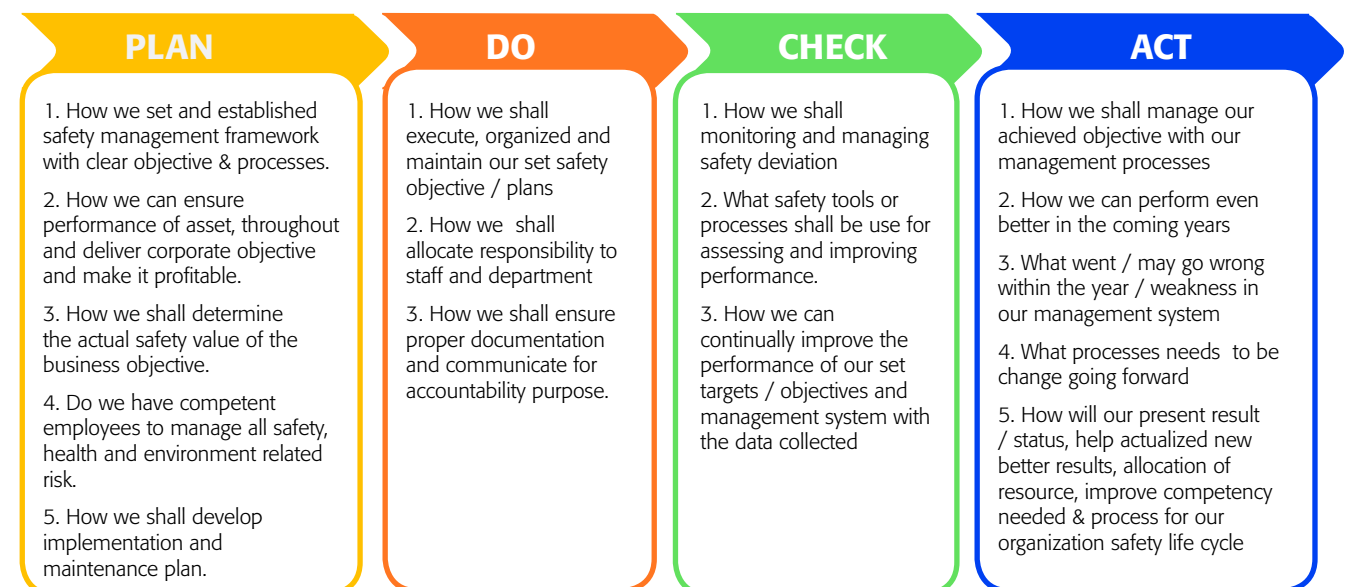
### Corporate Strategy

We focus mainly on continuous improvement plan of the **Plan-Do-Check-Act** process. We continuously refine our processes, standards operating procedures and systems. We have considered certain lead and lag indicators for our HSSE measurement of performance and action plans to improve our lead indicators which will ultimately eliminate the activities that give rise to the lag indicators. We practice a proactive safety culture system rather than reactive ways to achieve our strategy.

We have set up the following standards - safety, performance, environment, emergency preparedness, stakeholder's engagement and a robust HSSE induction program for all staff to keep them abreast on our expectations.

**Health** – We are committed to taking care of the health of our staff. The management has demonstrated that the health and good working conditions are of high importance to the staff performance, hence we have provided a staff clinic, manned by qualified medical personnel.

We conduct periodic health surveillance checks on staff based on occupational exposures and have partnered with hospitals for effective health management. These services are audited periodically.





## Health, Safety, Social and Environment Report

Based on continuous corporate good manufacturing practices (cGMP), we conduct food handlers test (FHT) every six (6) months. Regulatory laws and results are reviewed to ensure all staff that are interfacing with food processes are free from any infection that could compromise our quality standards and brand integrity.

We conduct medical evacuation drills to reinforce the importance of health management and preparedness. Health talks are delivered regularly by professionals to educate staff on how best to stay healthy. Occupational health trends are also analyzed to identify areas of concern and develop action plans for resolution.

**Safety** – NASCON takes the safety of our stakeholders very seriously. We are committed to ensuring that all our operational sites have minimized down time resulting from place incident. In the event an accident occurs, we have established a formal way of reporting incident including unsafe acts and conditions using Risk Observations Card (ROC).

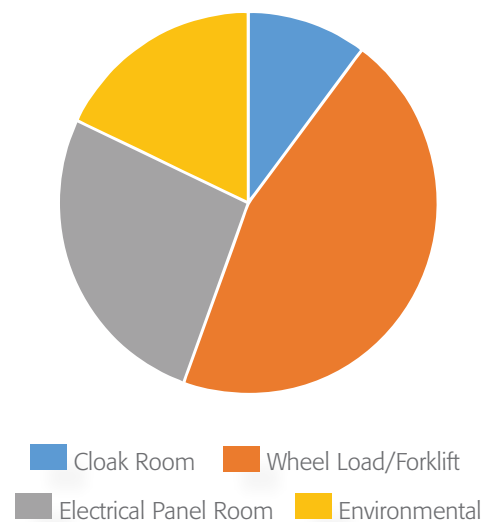
We recorded some down time resulting from our industrial operations incidents which was a learning curve for the business. We have however put in place robust safety systems to address and eliminate the causes. We conduct planned safety inspections and audits which are performed

daily, weekly and monthly. We keep track of our anomalies and present them at the Executive and Board meetings. This is to evaluate HSSE performance and take business decisions on how best we can protect business assets and reputation. This demonstrates leadership commitment to HSSE activities as a business imperative and timelines are given to ensure quick close-out of all reported anomalies.

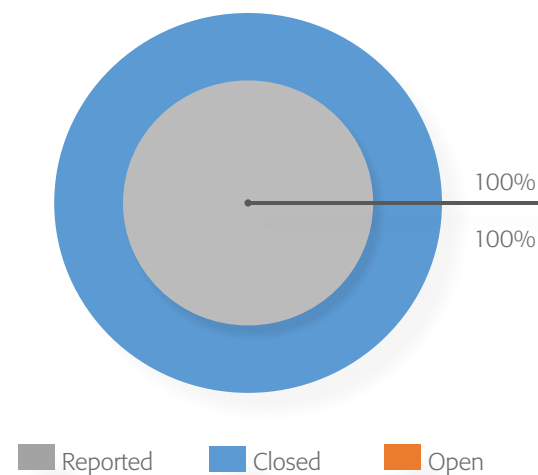
One of the Key Performance Indicators (KPI) is management involvement in HSSE. In NASCON, we have institutionalized an all-inclusive safety system led and driven by business leadership. Management participates actively in Facility Safety Tour (FST) monthly to assess the safety status of the facilities. We conduct HSSE Steering Committee meetings monthly, where management deliberate on HSSE issues and action plans agreed.

The site HSSE meetings are conducted quarterly to keep staff and management team abreast of the safety performance for each quarter. We have a reward and recognition system for safety engagement and performance for those that meet the set criteria in safety practices. We have put in place a consequence management system, to handle issues of repetitive unsafe acts and continuous repetition of unsafe acts and conditions by staff and their failure to comply to HSSE rules as laid down by the business.

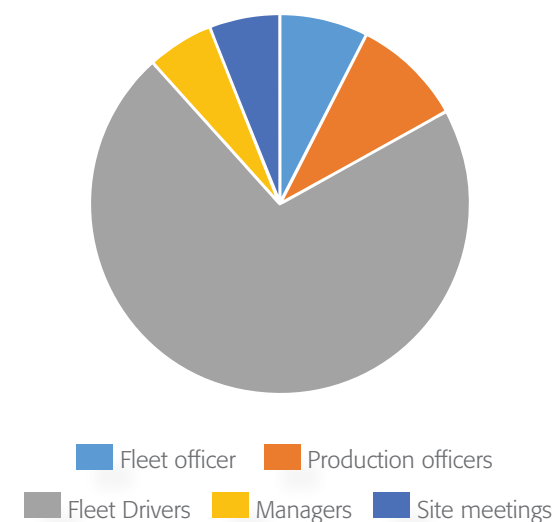
Safety Inspections



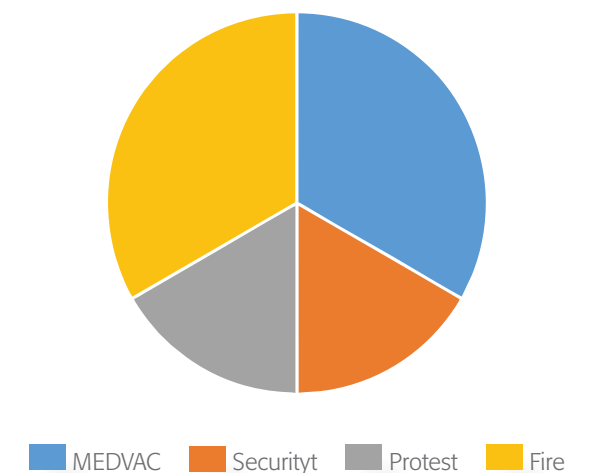
Unsafe Acts &amp; Unsafe Condition Chart



Safety Training and Meetings



Safety Drills



**Social** – We fully recognize our host communities as partners in the business progress. We have clear objectives and plans for our communities which are well captured in our yearly strategy to improve social welfare and sustainable peaceful relationship with them. As a responsible business, we engage our stakeholders regularly to establish a safe and healthy co-existence in our communities. This engagement focuses on inclusion of our communities in our social development and welfare plans.

As part of our continuous improvement plan, plants conduct community mapping and stakeholder's identification activities to verify the real land owners and boundaries for

proper planning and developmental agenda. Every activity is performed within the boundaries of the law to foster and maintain sustainable development and co-existence in communities where we operate. We jointly develop community projects based on their needs and support our host community development committee with skills for community project management, monitoring and fund raising for community project sustainability. We regularly conduct community stakeholder's sensitization program to keep them up-to date with our plans and get feedback from the community.







## Health, Safety, Social and Environment Report

## Health, Safety, Social and Environment Report

HSSE site meetings **13**Emergency drills **14**

		
Trainings	<b>294</b>	<b>4</b>
Attendees	<b>15,816</b>	<b>104</b>
Inspections	<b>1,613</b>	<b>784</b>



NASCON collaborates with the Federal Road Safety Commission (FRSC) for our drivers and trucks assessment and recertification and auditing of our process, to give credibility and continuous improvement in the transport sub-sector of the business. This practice has significantly improved our transport safety management system and awarded us with the "Best Safety Compliant Haulage/Transport Company in Nigeria" in the year 2018. Our transport has steadily improved in performance based on our transport safety statistics compared to 2018.

**Sustainability** – NASCON is committed to ensuring that it minimizes negative footprints and maximizes its positive impacts in our host communities and the larger society. We see our host communities as very important drivers of our business success, and so we carry them

along and integrate them into our business development plan. Our aim is to be recognized as the best performing, most trusted and respected consumer products company in Nigeria. We understand that to achieve this, we need to deliver on our sustainable development commitments. NASCON believes that host communities are important to the peaceful execution of its business plan and strategy, without which there will be no sustainable growth.

The strategy we have adopted is to support sustainable development in our host communities and create an atmosphere of mutual relationship, trust and respect among our stakeholders. We ensure that the views, interests and concerns of host communities and other interested parties are considered in every major business decision that concerns their development.



**Environment** – NASCON as a responsible business, we keep in mind the impact to the environment from our operations considering all our stakeholders. We have put in place strategies to checkmate our excesses to the environment through our environmental standard that governs our operations. We conduct Environmental and Social Impact Assessment (EISA) exercise for all new facilities, to review impacts to the soil, air, water and the host communities' social activities and other interested parties. We understand that a poorly managed environment impacts to the health of our staff, interested parties, that is why our leadership team has planned and approved a means of ensuring we are within limits.

NASCON plans and conducts quarterly environmental monitoring which is performed focusing on noise, air, water and soil contamination and to ensure we are not over the acceptable threshold vis-a-vis regulatory standards. We take our environment parameters very seriously. The results from the monitoring informs our management decision and triggers management action plan to ensure all parameters are resolved within the stipulated time frame.

Environmental Audit Report (EAR) is conducted on our existing facilities, this report is submitted to the Federal Ministry of Environment and State Government to review and grant permit to operate based on the outcomes. Sequel to all the environmental plans and strategy we have put in place, we have enjoyed the community's loyalty, regulatory goodwill and have not recorded any major environmental nonconformance from our operations that may impede our business processes. This is a significant environmental achievement for NASCON which earns us a good reputation before our regulators, competitors and interested parties.

**Transport Safety** – NASCON transport plays a very important role in the business from the point of receiving of raw materials to the point of delivery of finished products to our customers and this makes the fleet very vulnerable to road traffic accidents. The HSSE team work very closely with the transport operations to ensure that lives, goods and service are safely managed.

This year under review, we recorded some road traffic down times, which we have considered as our key transport focus to address and do everything within best practice to eliminate their re-occurrence. We conducted safety risk assessment analysis and we identified measures to improve the transport aspect of the business. We have introduced measures to eliminate and or reduce the rate of road traffic accidents. Some measures put in place are daily pre-journey inspections for each truck, safety pre-trip briefing, pre-trip inspection (PTI). We ensure that all trucks due for maintenance are allowed to go for their periodic maintenance at our workshop, records are maintained to track drivers and truck performance on monthly basis.

The management of NASCON has set aside a recognition and reward scheme for performance of drivers and fleet managers to encourage safe service delivery. We have put in place coaching and mentoring scheme for performing drivers and non-performing drivers. This is to help change the culture and trend in terms of fleet service delivery and safety performance across the transport team. We have introduced a stop and rest point for drivers which is to reduce the stress and fatigue the drivers experience while on transit. This has equally improved our turnaround time and increased truck efficiency and service delivery to customers.





## Health, Safety, Social and Environment Report

We are committed to best environmental, social and governance practices, in line with the principles behind the 7 Sustainability Pillars we have adopted, they are as follows:

## SUSTAINABLE DEVELOPMENT GOALS



### FINANCIAL PILLAR

Achieve sustainable financial health through a business model that delivers strong returns to shareholders, whilst creating value in the economies in which we operate by selling high quality products at affordable prices, supported by excellent customer service.



### INSTITUTIONAL PILLAR

Build a world-class institution centered around corporate governance best practices and sustainability principles that promote legal and regulatory compliance, transparency and business continuity.



### ECONOMIC PILLAR

Promote inclusive, sustainable economic growth, self-reliance, self-sufficiency and industrialization across Africa, by establishing efficient production facilities and developing resilient local economies in strategic locations and key markets.



### CULTURAL PILLAR

Embody our core values in the way we do business, including a respect for cultural diversity and giving back to the societies in which we operate. To achieve this, we actively encourage teamwork, empowerment, inclusion, respect, integrity and meritocracy within our organization



### OPERATIONAL PILLAR

Serve and satisfy our markets by working together with partners to deliver the best products and services to our valued customers and stakeholders through continuous product improvement, new business development, employing state-of-the-art technologies and systems to constantly optimize cost-efficiencies.



### ENVIRONMENTAL PILLAR

Create sustainable environmental management practices, through a proactive approach to addressing the challenges and opportunities of climate change, while optimizing our performance in energy efficiency, water usage and emissions.



### SOCIAL PILLAR

Create a learning environment and platform for our employees to grow and achieve their fullest potential, whilst adhering to the highest standards of health and safety. In our host communities, we strive to develop resilient and sustainable prosperity through direct and indirect employment, skills transfer and local entrepreneurial development.

In 2019, we have engaged 4 of our interested parties, supported stakeholders with environmental management kits for proper waste management processes, we supported and participated in community clean-up exercises, we also provided electric power supply to the junior and secondary schools close to our plant.

In conclusion, we further pledge to remain committed to our interested parties and ensure a peaceful co-existence within and outside our host communities.

**Jude Amaechi**

Head, Health, Safety and Environment

## Health, Safety, Social and Environment Report

## Our Sustainability Road Map

### 2021

- Entrenching our sustainability vision;
- Benchmark our set KPIs with requirements of relevant national and global standards
  - Set up a sustainability data collection system
  - Carry out more extensive sustainability trainings
  - Develop GRI compliant sustainability report

### 2020

- Solidifying our sustainability vision;
- Begin engagement with internal stakeholders to understand their concerns and expectations
  - Engage key stakeholders on our sustainability vision and reporting
  - Identify material topics and set KPIs
  - Develop our first GRI-Standards referenced sustainability report
  - Develop and implement strategic CSR and sustainability initiatives

### 2019

- Setting up the building blocks for our sustainability vision;
- Designation of sustainability champions across functions (Departments)
  - Deploy training, capacity building and awareness creation on Sustainability
  - Preliminary selection and set-up of teams for each pillar and any material issues
  - Preliminary identification of applicable reporting KPI's standards that meet our needs
  - Develop our first sustainability report as part of our 2020 Annual Financial Report





2019 ANNUAL REPORT

# CORPORATE GOVERNANCE





## Corporate Governance Report



## Corporate Governance Report

### "NASCON's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards"

#### General information

NASCON Allied Industries Plc is committed to best practice and procedures in corporate governance. The corporate governance practices are constantly under review, in line with dynamics of the business environment. There was considerable focus on the company's corporate governance practices especially at the Board level during the year.

The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the Company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.

#### Compliance

NASCON is committed to compliance with the requirements of the Nigerian corporate governance regulations, which include but are not limited to the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria and the Companies and Allied Matters Act.

#### Board of Directors

The Board delegates the day-to-day running of the Company's affairs to the Managing Director supported in this task by an Executive Management Committee. The Board of Directors consists of ten (10) members; the Chairperson,

two (2) Executive Directors and seven (7) Non-Executive Directors out of which one (1) is Independent. They are:

'Yemisi Ayeni	Chairperson
Paul Farrer	Executive Director
Fatima Aliko-Dangote	Executive Director
Olakunle Alake	Director
Halima Aliko-Dangote	Director
Abdu Dantata	Director
Sada Ladan-Baki	Director
Chris Ogbechie	Independent Director
Knut Ulvmoen	Director
Fatima Wali-Abdurrahman	Director

#### Responsibilities of the Board of Directors

It is the responsibility of the Board of NASCON Allied Industries Plc to:

- Ensure integrity of the Company's financial and internal control policies.
- Ensure the accurate, adequate and timely rendition of statutory returns and financial reporting to the regulatory authorities (Nigerian Stock Exchange, Corporate Affairs Commission, Securities and Exchange Commission) and shareholders.
- Ensure value creation for shareholders, employees and other stakeholders.
- Review and approve corporate policies, strategy, annual

- budget and business plan
- Monitor implementation of policies and the strategic direction of the Company.
- Set performance objectives, monitor implementation and corporate performance.
- Review and approve all major capital expenditure of the Company.
- Ensure that the statutory rights of shareholders are protected at all times.

#### Meeting of the Board of Directors

The Board of Directors holds several meetings in the year to consider important corporate events and actions such as approval of corporate strategy, annual corporate plan, review of internal risk management and control systems, review performance and direct the affairs of the Company, its operations, finance and formulate growth strategies.

#### Record of Directors' meetings

Attendance at Directors' meetings is impressive. In line with provisions of Section 258(2) of the Companies And Allied Matters Act Of Nigeria, Cap C20 Lfn 2004, the record of Directors attendance at Board meetings is available for inspection at the Annual General Meeting.

#### Board meeting attendance:

The Committee held seven (7) meetings in 2019	
'Yemisi Ayeni	7/7
Paul Farrer	7/7
Fatima Aliko-Dangote	7/7
Olakunle Alake	7/7
Halima Aliko-Dangote	6/7
Abdu Dantata	7/7
Sada Ladan-Baki	6/7
Chris Ogbechie	6/7
Knut Ulvmoen	7/7
Fatima Wali-Abdurrahman	7/7

#### Key activities of the Board:

- The Board carried out an extensive review of the company's short and long term strategy, culminating in a detailed strategic plan.
- Consideration of the reports of the Board Committees with recommendations for approval.
- The Board considered the quarterly unaudited financial reports and audited full year reports and proposed a dividend.

- Financing requirements for rehabilitation and full automation of the salt refinery.
- Operational performance, marketing strategy and report on business and projects.
- Risk Management objectives and implementation.

#### Board Committees

The Board delegated some of its responsibilities to standing committees that consists of Executive Directors and Non-Executive Directors. These are the Establishment and General Purpose and Finance, Risk and Audit Committees. The Committees report to the Board of Directors on their activities and decisions which are ratified by the full Board, at a meeting.

In compliance with the practices of good corporate governance, the Chairperson of the Board is not a member of either of these committees.

#### The Finance, Risk and Audit Committee

The Finance, Risk and Audit Committee is responsible for monitoring the integrity of the financial statements of the Company. It also assesses and monitors all risks associated with the operations of the Company, developing and monitoring the implementation of Internal Control System, by Management. The Committee assists the Board in its responsibility relating to the oversight of the Company's financial credit and risk management policies and procedures.

The Committee is comprised of seven (7) Directors:

Chris Ogbechie	Chairman
Paul Farrer	Member
Fatima Aliko-Dangote	Member
Olakunle Alake	Member
Halima Aliko-Dangote	Member
Abdu Dantata	Member
Sada Ladan-Baki	Member

#### Key matters of the committee:

- Reviewed the 2018 annual reports and accounts
- Reviewed the 2019 quarterly financial reports
- Reviewed the critical accounting policies applied in the preparation of the financial statements
- Reviewed the reports on key operational risks and the related controls and processes to manage and mitigate said risks





## Corporate Governance Report

**Finance, Risk and Audit Committee attendance:**

The Committee held six (6) meetings in 2019

Chris Ogbechie	5/6
Paul Farrer	6/6
Fatima Aliko-Dangote	6/6
Olakunle Alake	6/6
Halima Aliko-Dangote	6/6
Abdu Dantata	6/6
Sada Ladan-Baki	6/6

**The Establishment and General Purpose Committee**

The Committee is responsible for reviewing the policy framework for employee and remuneration issues. The Committee also institutes a transparent procedure for the appointment of new Directors to the Board of Directors and makes recommendation to the Board regarding the tenures and the re-appointment of Directors.

The committee is comprised of five (5) Directors:

Knut Ulvmoen	Chairman
Paul Farrer	Member
Fatima Aliko-Dangote	Member
Halima Aliko-Dangote	Member
Fatima Wali-Abdurrahman	Member

Key matters of the committee:

- Considered the proposed new organizational and salary structure, including new positions and portfolios
- Considered the controls and procedures for monitoring staff and IT output quality

**Establishment & General Purpose Committee attendance:**

The Committee held four (4) meetings in 2019

Knut Ulvmoen	4/4
Paul Farrer	4/4
Fatima Aliko-Dangote	3/4
Halima Aliko-Dangote	4/4
Fatima Wali-Abdurrahman	4/4

**The Statutory Audit Committee**

The Committee is made up of six (6) members, three (3) representatives of Shareholders and three (3) members of the Board of Directors. The members are elected annually at General Meetings. The Committee, in compliance with the requirement of good corporate governance practices is chaired by a representative of the Shareholders and include:

Okey Nwuke	Chairman/Shareholder
Umar Farouk	Shareholder
Kudaisi Ayodele Sarat	Shareholder
Halima Aliko-Dangote	Director
Abdu Dantata	Director
Chris Ogbechie	Director

**Statutory Audit Committee attendance:**

The Committee held five (5) meetings in 2019

Okey Nwuke	5/5
Umar Farouk	5/5
Kudaisi Ayodele Sarat	5/5
Halima Aliko-Dangote	4/5
Abdu Dantata	5/5
Chris Ogbechie	4/5

**Key matters of the Committee:**

- Ensured the independence and objectivity of the Audit.
- Reviewed the adequacy and effectiveness of NASCON Allied Industries' internal control policies prior to endorsement by the Board.
- Directed and supervised investigations into matters within its scope, such as evaluation of the effectiveness of NASCON Allied Industries' internal controls.

In addition to the above stated responsibilities, the Committee carries out all such other functions as stipulated by the Companies and Allied Matters Act of Nigeria, CAP C20 LFN 2004.

**Code of Business Conduct and Code of Governance**

The Company has a Code of Business Conduct, which is applicable to all employees and Directors. Mindful of our reputation, we have zero tolerance to all forms of unethical behavior including bribery and corruption. The policy is designed to promote a culture of honesty and accountability. It also provides guidance on mechanisms to report unethical conduct.

**Whistle Blowing Policy**

We continually strive to create a work environment where employees, contract workers, vendors, service providers, customers and other stakeholders have the opportunity to make confidential disclosures on misconduct, irregularities or malpractice, without fear of harassment and/or victimization and with the assurance that their concerns will be taken seriously, investigated, and appropriate action

will be taken. In line with Section 32 of the SEC Code and international best practice in Corporate Governance, the Board has established a Whistle Blowing Policy to enable staff, in confidence, raise concerns about possible improprieties in financial and other matters and to do so without fear of reprisal, provided that such concerns are raised in good faith.

Employees and other stakeholders are encouraged to report incidents of misconduct in a confidential and anonymous manner through the internal reporting channels (i.e. Line Manager, Head of Department, and MD) and/or the outsourced KPMG Ethics Line. The Board subscribed to the KPMG Ethics Line to strengthen confidence in our Whistle Blowing Policy. The KPMG Ethics Line contact details are: 0703 000 0026, 0703 000 0027, 0808 822 8888, 0708 060 1222, 0809 993 6366 or kpmgethicsline@ng.kpmg.com.

The Board has delegated oversight over whistle blowing to the Finance, Risk and Audit Committee. All matters reported are investigated and reported to the Committee including the action taken.

**Security Trading Policy**

In accordance with Rule 17 of the NSE Amended Listing Rules, the Board has put in place a Security Trading Policy which applies to all Directors and Employees and also to those who may at any time possess, any insider or material information about the Company. The Security Trading Policy as endorsed by the Board is in substantial conformity with the standard set out in Rule 17 of the NSE Listing Rules.

Accordingly, it is hereby confirmed that, after specific inquiries of all the Directors of the Company, they have all confirmed their compliance with the Policy in the period before the Company results were announced for the 2019 financial year. There is no case of non-compliance with the Policy. Furthermore, the compliance of the Company Directors with the listing rules and the anti-insider trading policy will continue to be disclosed in the Company's quarterly and other financial reports.

**Complaints management**

The Company has adopted a complaints management policy in accordance with the requirements of the Securities

and Exchange Commission's rules relating to the Complaints Management Framework of the Nigerian Capital Markets.

Shareholders can direct any complaints or enquiries to the Company Secretariat or to the Registrars, depending on the nature of complaint. Our policy is to acknowledge receipt of the complaint within 48 hours and respond/resolve the query within 10 working days of receipt.

**Conflict of Interest and related-party transactions**

The Board maintains procedures to ensure that related-party transaction and potential conflicts of interest are identified, disclosed and managed. Details of the related-party transactions during the year is set out on page 111.

**Shareholders' Interest and Relations**

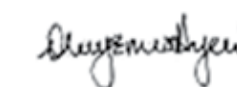
The Board ensures the protection of the statutory and general rights of shareholders at all times particularly their rights to vote at the general meetings. All shareholders, regardless of volume of shareholding or social status are treated equally. The Company has an Investor Relations team that manages effective two-way communications with our investors.

**Annual General Meeting (AGM)**

The AGM is the principal opportunity for the Board to meet shareholders and explain the Company's progress and to answer any questions raised. The Notice of AGM is dispatched to all shareholders and published in two leading national newspapers and on our website, at least 21 working days before the AGM is held.

The Board and senior management team of the Company are available for discussions with shareholders before the AGM. The Chairmen of the Committees and myself are also available to answer shareholders' questions during formal proceedings of the AGM.

The Annual General Meeting to discuss this 2019 Annual Report will be held at the Civic Centre, Victoria Island, Lagos, at 1.00pm on Monday 27th July 2020 and the meeting will be virtual.



**Yemisi Ayeni**  
Chairperson







Flavour  
that Delivers...



## Board & Committee Structure

### 5 Establishment and General Purpose Committee

Knut Ulvmoen (c)  
Paul Farrer  
Fatima Aliko-Dangote  
Halima Aliko-Dangote  
Fatima Wali-Abdurrahman

### 7 Finance, Risk and Audit Committee

Chris Ogbechie (c)  
Paul Farrer  
Fatima Aliko-Dangote  
Olakunle Alake  
Halima Aliko-Dangote  
Abdu Dantata  
Sada Ladan-Baki

### 6 Statutory Audit Committee

Okey Nwuke (c)  
Umar Farouk  
Kudaisi Ayodele Sarat  
Halima Aliko-Dangote  
Abdu Dantata  
Chris Ogbechie

### 15 Management Committee

Paul Farrer (c)  
Fatima Aliko-Dangote  
Aderemi Saka  
Murtala Zubair  
Olushola Shosanya  
Olusegun Ajala  
Shalom Okonmah  
Jude Amaechi  
Ayokunle Ushie  
Patrick Mogaha  
Tunde Iwamofe  
Kolawole Samuel  
Kayode Balogun  
Kingsley Ejike  
Adedayo Samuel

### 10 Board of Directors

'Yemisi Ayeni (c)  
Paul Farrer  
Fatima Aliko-Dangote  
Olakunle Alake  
Halima Aliko-Dangote  
Abdu Dantata  
Sada Ladan-Baki  
Chris Ogbechie  
Knut Ulvmoen  
Fatima Wali-Abdurrahman



# Board of Directors



## 1. Yemisi Ayeni Chairperson

Yemisi is the immediate past Managing Director, Shell Nig. Closed Pension Fund Administrator Ltd, a position she held for 10 years.

A graduate of Economics, from the University of Manchester, UK, she is also a member of the Institute of Chartered Accountants in England and Wales. She started her career with PWC, London in 1985, relocated to their Lagos office in 1991 and joined Shell Nigeria in 1994. She held a wide variety of roles in various Shell companies for 21 years.

She was a Council Member of the Nigerian Stock Exchange, Vice Chairman, Pension Fund Operators' Association and the Chair of the Association's Institute Committee. She is currently a Non-Executive Director of Guinness Nigeria, Non-Executive Director of Stanbic IBTC Pension Managers Ltd and an Advisory Board Member of the Africa Initiative for Governance.

## 2. Paul Farrer Managing Director

Paul joined NASCON as Managing Director in 2015, having previously been the Chief Operating Officer and Group Executive Director of Food Concepts Plc.

His experience in the foods business spans 23 years in the South and West African markets; in international companies such as TGI Fridays (Americana Group), Steers Holdings – Debonairs Pizza, Famous Brands and Innscor International.

He is an alumnus of East London Technical College, South Africa.

## 3. Fatima Aliko-Dangote Executive Director, Commercial

Fatima joined NASCON as Executive Director Commercial in 2016. Prior to that she joined the Dangote Group in 2014 as the Special Assistant to the Managing Director-Cement and later worked as a Group Corporate Strategy Specialist. In this latter role, she provided planning and analytical support across all the Business Units of the Dangote Group.

She holds a Bachelor's degree in Law from the University of Surrey in the UK. Fatima has been called to the Nigerian Bar, and has worked as an Associate at Banwo and Ighodalo Legal Chambers, on areas related to capital markets, intellectual property and energy.

## 4. Olakunle Alake Director

Olakunle is Group Managing Director of Dangote Industries Limited (DIL). He was appointed to the Board of Dangote Industries in 2001 and has since been instrumental to the growth of the parent company and its subsidiaries.

He holds a Bachelor's degree in Civil Engineering from Obafemi Awolowo University Ile-Ife (1983) and is a Fellow of the Institute of Chartered Accountants of Nigeria.

He joined DIL in 1990, after six years at PWC. He has held several management positions in DIL, including Financial Controller and Head of Strategic Services. He has deep finance and accounting experience and brings substantial experience in finance, mergers and acquisitions to the Board.

## 5. Halima Aliko-Dangote Director

Halima holds a Bachelor's Degree in Marketing from the American Intercontinental University, London, United Kingdom and a MBA from Webster Business School, London, also in the UK.

She started her career as a business analyst with KPMG Professional Services in Lagos, Nigeria, before she joined Dangote Industries Limited in 2010. She has held a number of key roles at Dangote Industries including Special Assistant to the President/Chief Executive.

She is currently an Executive Director overseeing commercial functions of Dangote Indu Limited. She was the Executive Director in charge of Commercial activities at Dangote Flour Mills. She resigned as Executive Director at NASCON in February 2016 but remains on the Board as a Director.

## 6. Abdu Dantata Director

Abdu is the Executive Director in charge of Logistics and Distribution for Dangote Industries Limited, a position he has held since the Group was established more than 20 years ago. He is also the Chairman of Agad Nigeria Limited, a trading and transportation Company operating throughout Nigeria.



## Board of Directors

He is a fellow of the Nigerian Institute of Shipping. He brings his extensive experience in sales, logistics and distribution to Board.

### 7. Sada Ladan-Baki Director

Sada's experience spans thirty years in public service and fund administration. He sits on the board of several companies and belongs to many professional associations including the Institute of Logistics and Distribution (Chartered Fellow) and the Nigerian Institute of Marketing (Chartered Member).

He is a graduate of Economics with an MBA from Ahmadu Bello University, Zaria.

### 8. Chris Ogbechie Independent Director

Chris has wide experience in marketing, strategy and corporate governance derived from his work as Head of Marketing/Sales at Nestle Nigeria and from his consulting work with Nigerian, Ghanaian and Kenyan firms over the years.

He is the Deputy Dean of Lagos Business School, Director of First Bank Sustainability Centre, and Professor of Strategic Management, Lagos Business School. He was the former Chairman, Board of Directors, Diamond Bank Plc. He teaches strategy and corporate governance at the Lagos Business School and Strathmore Business School in Nairobi, Kenya.

Chris has a first-class honours degree in Mechanical Engineering from Manchester University, an MBA from Manchester Business School and a PhD in Business Administration from Brunel Business School in the UK.

### 9. Knut Ulvmoen Director

Knut joined Dangote in 1996 as the Finance Director. He is a management professional with extensive background in finance and administration of multinational companies including Revisor-Centret, Norcem Group, Bulkem and Scancem.

He has been instrumental in moving the Group from import and trading into a manufacturing conglomerate with tentacles across the African continent.

He holds a Master's of Science degree in Business and is a Member of the Norwegian Association of Authorised Accountants.

### 10. Fatima Wali-Abdurrahman Director

Fatima is an architect, real estate developer and management professional. She is currently the Non Executive Chairperson of Filmo Group. She was the Chief Executive Officer of the Filmo Group and Deputy President of the Housing Finance Professionals Association of Nigeria.

She serves on the boards of NMRC (Nigeria Mortgage Refinance Co.) and the Advisory Board of the Chapel Hill Denham Fund for Women. She was recently appointed a member of the Board of Directors of the OANDO Foundation, is a WIMBOARD Ambassador (WIMBIZ Initiative) and a member of the Presidential Committee for Flood Relief and Rehabilitation.

A graduate of both Architecture and Urban Studies from the University of Minnesota, U.S.A., she holds a M.Sc. (Arch.) in Economics and Management of Construction from the University of London.



*Superior taste, always delivers*





## Report of the Directors



## Report of the Directors

**“The Board is satisfied that the Annual Report represents a fair, balanced and realistic view of events during the 2019 financial year”**

The Directors are pleased to submit their report together with the audited financial statements of the Company for the year ended December 31, 2019.

Having considered all the matters reviewed and brought before the Board, the Board is satisfied that the Annual Report represents a fair, balanced and realistic view of events during the 2019 financial year.

### Legal form

The Company was incorporated on April 30, 1973 as a limited liability company. The shares are currently quoted on the Nigerian Stock Exchange.

### Principal Activities

The principal activities of the Company during the year include processing of Raw Salt into Refined, Edible and Industrial-use Salts and Seasoning.

### Directors' Responsibilities

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company in accordance with Companies And Allied Matters Act Of Nigeria, Cap C20 Lfn

2004. In doing so, they ensure that:

- proper accounting records are maintained;
- applicable accounting statements are followed;
- suitable accounting policies are adopted and consistently applied;
- judgments and estimates made are reasonable and prudent;
- the going concern basis is used, unless it is inappropriate to presume that the Company will continue in business;
- internal control procedures are instituted which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

### Directors

The appointment, removal or re-appointments of Directors is governed by the Company's Articles of Association and the Companies and Allied Matters Act (CAMA) LFN 2004. These documents also set out the rights and obligations of the Directors.

The Company has ten (10) Directors. Their biographies are contained in pages 53 to 54.

The Directors of the Company during the year and to the date of this report are as follows:

'Yemisi Ayeni	Chairperson
Paul Farrer	Managing Director
Fatima Aliko-Dangote	Executive Director
Olakunle Alake	Director
Halima Aliko-Dangote	Director
Abdu Dantata	Director
Sada Ladan-Baki	Director
Chris Ogbechie	Independent Director
Knut Ulvmoen	Director
Fatima Wali-Abdurrahman	Director

### Company Distributors

The Company's products are distributed by distributors across the country, who redistribute to wholesalers, confectioners, supermarkets and retailers. Salt retail packs come in 250g, 500g and 1kg and are sold under the brand name Dangote Refined Salt. Seasoning, Spices and Mixes are sold under the brand name Dan-Q, Dangote Classic Seasoning, Dangote Stew Mix and Dangote Curry.

### Suppliers

The Company obtains its materials at arm's length basis both locally and internationally. Amongst our main vendors are Bulk Commodities Limited and Dangote Agrosacks Limited.

### Business Review

The Business Review comprises of the following, each of which are incorporated by reference into, and forms part of this Report of the Directors:

- Chairperson's Statement on page 8 - 9
- MD Review on pages 14 - 15
- CFO Review on pages 16 - 20
- Human Resources Report on pages 26 - 27

- Risk Management Report on pages 28 - 34
- HSE Report on pages 36 - 43
- Corporate Governance Report on pages 45 - 49

### Results of the Year and Dividend

Total revenue of the Company was ₦27.49 billion (2018: ₦25.77 billion). Profit for the year was ₦1.85billion (2018: ₦4.42 billion). Proposed final dividend for 2019 is ₦0.40 (2018: ₦1.00) per share amounting to ₦1.06 billion (2018: ₦2.65billion).

### Events after the reporting period

There were no significant developments since the balance sheet date which could have had a material effect on the state of affairs of the Company as at December 31, 2019 and the profit for the year ended on that date, which have not been adequately recognized.

### Unclaimed Dividends

The total amount outstanding as at 31 December, 2019 is ₦747.71 million. A summary of the report is on page 124. The list of unclaimed dividends is available on the company website - [www.nasconplc.com](http://www.nasconplc.com). The Company notes that some dividend warrants have remained unclaimed, therefore all shareholders with unclaimed dividends should address their claims to the Registrars - Meristem Registrars and take advantage of the e-dividend by completing the form included in page 125.

### Director's Shareholding Interests

The Directors' interests in the issued share capital of the Company as recorded in the register of members and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, are as follows in the table below.

Director's Shareholding Interests	As at December 31, 2018	As at December 31, 2019	As at 20 March, 2020
1. 'Yemisi Ayeni	-	-	-
2. Paul Farrer	-	-	-
3. Fatima Aliko-Dangote	-	-	-
4. Olakunle Alake	4,419,959	4,419,959	4,419,959
5. Halima Aliko-Dangote	-	-	-
6. Abdu Dantata	2,000,000	2,000,000	2,000,000
7. Sada Ladan-Baki	1,159,005	1,159,005	883,717
8. Chris Ogbechie	100,000	100,000	100,000
9. Knut Ulvmoen	-	-	-
10. Fatima Wali Abdurrahman	-	-	-





## Report of the Directors

**Rotation of Directors**

By virtue of Section 259 (1) & (2) of the Companies And Allied Matters Act Of Nigeria, Cap C20 Lfn 2004, one-third of the Directors of the Company who have been longest in office since their last election shall retire from office and in accordance with this section, Abdu Dantata, Knut Ulvmoen and Halima Aliko-Dangote are retiring by rotation and being eligible, offer themselves for re-election.

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

**Substantial interest in shares**

The Registrar has advised that according to the Register of Members on December 31, 2019 Dangote Industries Limited (62.19%) with 1,647,763,557 ordinary shares of 50 kobo each and Stanbic IBTC Nominees Limited (7.13%) with 188,796,666 ordinary shares of 50 kobo each held more than 5% of the issued share capital of the Company.

Analysis of shareholdings are summarised in the table below.

**Free Float**

All shares other than shares held by Dangote Industries Limited are considered to be free float shares. The current free float is 37.81%.

**Share Capital History**

All issued shares are fully paid and no additional shares were issued in 2019. Details of the share capital history are set out on page 117.

**Analysis of shareholdings as at 31 December 2019**

Range		No. of Holders	Holders %	Units	Units %
1	- 1,000	21,380	63.81%	8,276,367	0.31%
1,001	- 5,000	6,142	18.33%	15,355,700	0.58%
5,001	- 10,000	2,033	6.07%	14,576,229	0.55%
10,001	- 50,000	2,946	8.79%	62,801,764	2.37%
50,001	- 100,000	478	1.43%	35,340,094	1.33%
100,001	- 500,000	387	1.15%	79,914,749	3.02%
500,001	- 1,000,000	65	0.19%	45,668,325	1.72%
1,000,001	- 5,000,000	52	0.16%	112,220,251	4.24%
5,000,001	- 10,000,000	11	0.03%	72,711,481	2.74%
10,000,001	- ABOVE	13	0.04%	2,202,573,418	83.13%
Grand Total		33,507	100.00%	2,649,438,378	100.00%

**Corporate Governance**

- The Company is committed to the best practice and procedures in corporate governance. Its business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.
- Members of the Board of Directors hold quarterly meetings to decide on policy matters and direct the affairs of the Company, review its performance, its operations, finance and formulate growth strategy. Attendance at Directors' meetings is impressive.
- In line with provisions of section 258(2) of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, the record of Directors' attendance at Boarding Meetings is available for inspection at the Annual General Meeting.
- The remuneration of the Executive Directors is fixed.
- The Board of Directors consists of ten (10) members; The Chairperson, two (2) Executive Directors and seven (7) Non-Executive Directors out of which one (1) is Independent.
- Appointment to the Board is made by shareholders at the Annual General Meeting upon retirement of a Director.
- The Board, from time to time, routinely empowers committees to examine and deliberate on finance and establishment related issues.

**Non-current assets**

Movements in Property, Plant and Equipment during the year are shown in Note 21 (pg 98) to the financial statements. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the financial statements.

**General Mandate Circular**

In compliance with the rules of the Nigerian Stock Exchange governing transactions with related or interested persons, the General Mandate circular in respect of all recurrent transactions that may be entered into with a related party or interested person which are of a revenue and trading nature or are necessary for the Company's operations including but not limited to the procurement of goods and services on normal commercial transactions terms as contained in the circular on page 120 will be considered for approval at the Annual General Meeting.

**Statutory Audit Committee**

The Company, pursuant to Section 359(3) of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004 has put in place a Statutory Audit Committee comprising three (3) shareholders and three (3) Directors as follows:

Okey Nwuke	Chairman/Shareholder
Umar Farouk	Shareholder
Kudaisi Ayodele Sarat	Shareholder
Halima Aliko-Dangote	Director
Abdu Dantata	Director
Chris Ogbachie	Director

**Independent Auditors**

PricewaterhouseCoopers (Chartered Accountants) have indicated their willingness to continue in office as the Company's Auditors in accordance with Section 357(2) of the Companies' and Allied Matters Act of Nigeria, Cap C20 LFN 2004. A resolution will be proposed authorizing the Directors to fix their remuneration.

By order of the Board



Adedayo A. Samuel  
Company Secretary  
FRC/2016/NBA/00000015291  
1, Alfred Rewane Road,  
Falomo, Ikoyi, Lagos  
Nigeria  
20 March, 2020





# Every Taste Makers Delight



## 2019 ANNUAL REPORT FINANCIALS





# Statutory Audit Committee Report

# Statutory Audit Committee Report

This report is provided by the Statutory Audit Committee appointed in respect of the 2019 financial year of NASCON Allied Industries Plc.

## 1. Members of the Statutory Audit Committee

The Committee is made up of six (6) members, three (3) representatives of Shareholders and three (3) members of the Board of Directors. Members of the Committee are elected annually at General Meetings. The Committee in compliance with the requirement of corporate governance practice is chaired by a representative of the Shareholders and include:

Name	Position
Okey Nwuke	Chairman/Shareholder
Umar Farouk	Shareholder
Kudaisi Ayodele Sarat	Shareholder
Halima Aliko-Dangote	Director
Abdu Dantata	Director
Chris Ogbechie	Director

## 2. Meetings held by the Statutory Audit Committee

The committee held five scheduled meetings during 2019

Name	29-Jan-19	21-Mar-19	26-Apr-19	31-Jul-19	04-Nov-19
Okey Nwuke	Yes	Yes	Yes	Yes	Yes
Umar Farouk	Yes	Yes	Yes	Yes	Yes
Kudaisi Ayodele Sarat	Yes	Yes	Yes	Yes	Yes
Halima Aliko-Dangote	Yes	Yes	No	Yes	Yes
Abdu Dantata	Yes	Yes	Yes	Yes	Yes
Chris Ogbechie	Yes	Yes	Yes	Yes	No

## 3. Statutory Audit Committee Responsibilities

- Ensuring the independence and objectivity of the Audit.
- Reviewing the adequacy and effectiveness of NASCON Allied Industries Plc's internal control policies prior to endorsement by the Board.
- Directing and supervising investigations into matters within its scope, such as evaluation of the effectiveness of NASCON Allied Industries Plc internal controls and all business related misconduct

In addition to the above stated responsibilities, the Committee carries out all such other functions as stipulated by the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2004.

## 4. Security Trading Policy

In accordance with Rule 17 of the Nigerian Stock Exchange Amended Listing Rules, the Board has put in place a Security Trading Policy which applies to all Directors and Employees and also to those who may at any time possess, any insider or material information about the Company.

The Security Trading Policy as endorsed by the Board is in substantial conformity with the standard set out in Rule 17 of the NSE Listing Rules.

Accordingly, it is hereby confirmed that, after specific inquiries of all the Directors of the Company, they have all confirmed their compliance with the Policy in the period before the Company results were announced for the 2019 financial year. There is no case of non-compliance with the Policy.

Furthermore, the compliance of the Company Directors with the listing rules and the anti-insider trading policy will continue to be disclosed in the Company's quarterly and other financial reports.

## 5. External Auditors

In accordance with the provisions of Section 359(6) of Companies and Allied Matters Act of Nigeria, CAP C20 LFN 2004, we have examined the Auditors' report for the year ended 31 December 2019. We have obtained all the information and explanations we required.

In our opinion, the Auditors' report is consistent with our review of the scope and planning of the Audit. We are also satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

Having reviewed the Auditors' findings and recommendations in the Management letter, we are satisfied with Management's response therein.



## Okey Nwuke

Chairman, Statutory Audit Committee

FRC/2017/ICAN/00000016523

20 March, 2020

## Members of the Committee

Umar Farouk

Kudaisi Ayodele Sarat

Halima Aliko-Dangote

Abdu Dantata

Chris Ogbechie



# Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements for the year ended December 31, 2019

The Directors of NASCON Allied Industries Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2019, and the results of its operations, statement of cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards and in the manner required by Companies and Allied Matters Act, Laws of the Federation of Nigeria 2004, the Financial Reporting Council Of Nigeria Act.

In preparing the Financial statements, the Directors are responsible for:

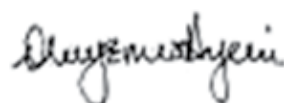
- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient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

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company, and which enables them to ensure that the Financial Statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and preventing and detecting fraud and other irregularities.

The financial statements of the Company set out on pages 69 to 113, for the year ended 31 December 2019, were approved by the board on the 20th March 2020.

**Signed on behalf of the Board of Directors By:**



**Yemisi Ayeni**  
Chairperson  
FRC/2013/IODN/0000073173



**Paul Farrer**  
Managing Director  
FRC/2016/IODN/0000015797

# Independent auditor's report To the Members of NASCON Allied Industries Plc



## Report on the audit of the financial statements

### Our opinion

In our opinion, NASCON Allied Industries Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

### What we have audited

NASCON Allied Industries Plc's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2019;
- the statement of financial position as at 31 December 2019;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the accounting policies; and
- the notes to the financial statements

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.





# Independent auditor's report

To the Members of NASCON Allied Industries Plc



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of trade receivables</b></p> <p>Trade receivables from third parties and related parties net of loss allowance amounted to N10.4 billion. We focused on this area because of the significant value of trade receivables and because the directors make significant and subjective judgement over the timing of recognition and amount of the related loss allowance.</p> <p>IFRS 9 "Financial Instruments" deals with the expected credit loss (ECL) model, which requires significant judgement. The directors have utilised the simplified approach in assessing the loss allowance for trade receivables. Significant judgement exercised by the directors include:</p> <ul style="list-style-type: none"> <li>definition of default and significant increase in credit risk adopted by the company.</li> <li>methodology used to determine the loss rates for the calculation of the lifetime ECL.</li> <li>Provision matrix adopted in determining the lifetime ECL.</li> <li>incorporating forward looking information in the ECL model</li> </ul> <p>Refer to accounting policies 2.13 and 3.1.3. The carrying value of trade receivables has been disclosed in Note 25 to the financial statements.</p>	<p>We adopted a substantive approach to test this balance. Specifically, we:</p> <ul style="list-style-type: none"> <li>Checked the reasonableness of the criteria identified in the definition of default and significant increase in credit risk;</li> <li>Selected a sample of customer accounts to check the sales and settlement pattern used in developing the loss rates;</li> <li>Examined the appropriateness of the provision matrix approach used to determine the lifetime ECL based on the requirements of IFRS 9; and</li> <li>Checked the forward-looking information used in the ECL model to externally available macroeconomic information and assessed reasonableness of the macroeconomic indices used.</li> </ul> <p>Reviewed the IFRS 9 disclosures for reasonableness.</p>

## Other information

The directors are responsible for the other information. The other information comprises the Directors, Officers and Professional Advisers, Results at a Glance, Report of the Directors, Corporate Governance Report, Report of the Statutory Audit Committee, Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements, Value Added Statement, Five-Year Financial Summary (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the NASCON Allied Industries Plc 2019 Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

# Independent auditor's report

To the Members of NASCON Allied Industries Plc



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the NASCON Allied Industries Plc 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.





# Independent auditor's report

To the Members of NASCON Allied Industries Plc



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Oladele Oladipo

For: Pricewaterhouse Coopers  
Chartered Accountants  
Lagos, Nigeria.



Engagement Partner: Oladele Oladipo  
FRC/2013/ICAN/00000002951

# Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019

	Note(s)	2019 ₦'000	2018 ₦'000
Revenue from contracts with customers	6	27,487,788	25,769,352
Cost of sales	8	(21,647,079)	(17,988,663)
<b>Gross profit</b>		<b>5,840,709</b>	<b>7,780,689</b>
Other income	10	12,804	29,265
Other operating (losses) /gains	11	(16,338)	841,845
Movement in credit loss allowances	12	(61,205)	26,186
Distribution costs	13.1	(829,637)	(828,826)
Administrative expenses	13.2	(2,044,961)	(1,868,153)
<b>Operating profit</b>		<b>2,901,372</b>	<b>5,981,006</b>
Investment income	9	90,518	468,379
Finance costs	16	(222,811)	-
<b>Profit before taxation</b>		<b>2,769,079</b>	<b>6,449,385</b>
Taxation	18	(923,836)	(2,029,168)
<b>Profit for the year</b>		<b>1,845,243</b>	<b>4,420,217</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,845,243</b>	<b>4,420,217</b>
<b>Earnings per share</b>			
<b>Per share information</b>			
Basic and diluted earnings per share (Kobo)	20	70	167

The accounting policies on pages 73 to 84 and the notes on pages 85 to 113 form an integral part of the Financial Statements.





## Statement of Financial Position as at December 31, 2019

	Note(s)	2019 ₦'000	2018 ₦'000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	21	15,174,724	11,705,283
Right of use assets	22	3,639,895	-
<b>Total Non-Current Assets</b>		<b>18,814,619</b>	<b>11,705,283</b>
<b>Current Assets</b>			
Inventories	24	4,428,658	4,370,379
Trade and other receivables	25	10,543,379	8,887,876
Other financial assets	26	590,350	433,433
Other assets	23	631,052	2,285,482
Cash and cash equivalents	27	3,660,734	2,587,976
<b>Total Current Assets</b>		<b>19,854,173</b>	<b>18,565,146</b>
<b>Total Assets</b>		<b>38,668,792</b>	<b>30,270,429</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	28	1,324,719	1,324,719
Share premium	29	434,037	434,037
Retained earnings	30	9,330,529	10,134,724
<b>Total Equity</b>		<b>11,089,285</b>	<b>11,893,480</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	32	3,338,570	38,570
Lease Liabilities	33	3,257,168	-
Retirement benefit obligation	34	158,529	197,831
Deferred tax	19	2,082,976	2,051,828
<b>Total Non-Current Liabilities</b>		<b>8,837,243</b>	<b>2,288,229</b>
<b>Current Liabilities</b>			
Trade and other payables	35	15,586,893	13,764,206
Lease Liabilities	33	465,153	-
Contract liabilities	36	1,772,063	622,425
Current tax payable	18	918,155	1,702,089
<b>Total Current Liabilities</b>		<b>18,742,264</b>	<b>16,088,720</b>
<b>Total Liabilities</b>		<b>27,579,507</b>	<b>18,376,949</b>
<b>Total Equity and Liabilities</b>		<b>38,668,792</b>	<b>30,270,429</b>

The financial statements and the notes on pages 69 to 113, were approved by the board on the 20 March, 2020 and were signed on its behalf by:

**Yemisi Ayeni**  
Chairperson  
FRC/2013/IODN/0000073173

**Paul Farrer**  
Managing Director  
FRC/2016/IODN/0000015797

**Tunde Iwamofe**  
Finance Controller  
FRC/2013/ICAN/0000002247

The accounting policies on pages 73 to 84, and the notes on pages 85 to 113 form an integral part of the financial statements.

## Statement of Changes in Equity as at December 31, 2019

	Share capital ₦'000	Share premium ₦'000	Total share capital ₦'000	Retained earnings ₦'000	Total equity ₦'000
<b>Balance at 1 January 2018</b>	<b>1,324,719</b>	<b>434,037</b>	<b>1,758,756</b>	<b>9,688,665</b>	<b>11,447,421</b>
Profit for the year	-	-	-	4,420,217	4,420,217
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,420,217</b>	<b>4,420,217</b>
Dividends	-	-	-	(3,974,158)	(3,974,158)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,974,158)</b>	<b>(3,974,158)</b>
<b>Balance at 1 January 2019</b>	<b>1,324,719</b>	<b>434,037</b>	<b>1,758,756</b>	<b>10,134,724</b>	<b>11,893,480</b>
Profit for the year	-	-	-	1,845,243	1,845,243
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,845,243</b>	<b>1,845,243</b>
Dividends	-	-	-	(2,649,438)	(2,649,438)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,649,438)</b>	<b>(2,649,438)</b>
<b>Balance at 31 December 2019</b>	<b>1,324,719</b>	<b>434,037</b>	<b>1,758,756</b>	<b>9,330,529</b>	<b>11,089,285</b>

The accounting policies on pages 73 to 84 and the notes on pages 85 to 113 form an integral part of the financial statements.



## Statement of Cash Flows as at December 31, 2019

	Note(s)	2019 ₦'000	2018 ₦'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	37	7,806,314	3,018,686
Tax paid		(1,676,623)	(1,972,626)
Retirement benefit obligation paid	34	(39,302)	(24,303)
<b>Net cash from operating activities</b>		<b>6,090,389</b>	<b>1,021,757</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	21	(5,538,185)	(4,426,787)
Sale of property, plant and equipment	21	2,285	22,045
Interest Income		90,518	468,379
<b>Net cash from investing activities</b>		<b>(5,445,382)</b>	<b>(3,936,363)</b>
<b>Cash flows from financing activities</b>			
Borrowings		3,300,000	-
Dividends paid		(2,649,438)	(3,974,158)
Finance costs		(222,811)	-
<b>Net cash from financing activities</b>		<b>427,751</b>	<b>(3,974,158)</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>1,072,758</b>	<b>(6,888,764)</b>
Cash and cash equivalents at the beginning of the year		2,587,976	9,476,740
<b>Total cash and cash equivalents at end of the year</b>	27	<b>3,660,734</b>	<b>2,587,976</b>

## Accounting Policies

### Corporate information

NASCON Allied Industries Plc is a public limited company incorporated and domiciled in Nigeria.

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on Friday, 20 March 2020 .

### 1 General information

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

The ultimate controlling party is Dangote Industries Limited, a company incorporated in Nigeria.

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

### 1.1 The principal activity

Principal activities of the Company during the year include processing of raw salt into refined, edible and grade salt. The company also produces Seasoning and Vegetable Oil. The Company's products are sold through distributors across the country.

### 1.2 Financial period

The financial statements cover the financial year from 1 January 2019 to 31 December 2019 with comparatives for the year ended 31 December 2018.

### 1.3 Going concern status

The Company has consistently turned in Profits since 2007. The Directors' believe that there is no intention or threat from any party to curtail significantly its line of business in the foreseeable future. Thus, these Financial Statements are prepared on a going concern basis.

### 2 Significant accounting policies

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

### 2.1 Statement of Compliance with IFRS

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

### 2.2 Basis of measurement

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices





## Accounting Policies

included within level 1, that are observable for the asset or liability, either directly or indirectly; and

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

### 2.3 Functional and presentation currency

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

#### 2.3.1 Foreign currency transactions

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

At the end of the reporting period:

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

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

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any foreign exchange component of that gain or loss is recognised in profit or loss as other operating gains (losses).

Cash flows arising from transactions in a foreign currency are recorded in Naira by applying to the foreign currency

amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.

### 2.4 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Company's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognised as revenue after;

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Revenue is recognised when the control of the goods and service are transferred to the customer. This occurs when the goods are delivered to the customer and customer's acceptance is received or when goods are picked up by the customers. For customers that opt for delivery, Nascon has two promises to such customers, which is the sale of goods (salt or seasoning) and delivery service.

Nascon Allied Industries Plc transfers control to the customers after the goods have been delivered to the customer, however, the customer obtains the right to return goods that are bad or damaged after they have been delivered.

Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and when the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sale of salt and seasoning is recognised

based on the price specified in the contract, net of the estimated rebates and returns. Rebates are estimated at the inception of the contract except where the time lag between the recognition of revenue and granting rebates is within one month.

Returns on goods are estimated at the inception of the contract except where the timing between when the revenue is recognised and when the returns occur is considered immaterial. In these instances, the returns are accounted for when they occur. Contract liability is recognised for consideration received for which performance obligation has not been met.

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

### 2.5 Investment income

This represents interest income earned on short term placements with banks and other financial assets at amortised cost - treasury bills. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the its gross carrying amount.

### 2.6 Employee benefits

#### Short-term employee benefits

Short term benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes short term benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or as a result of an offer made to encourage voluntary redundancy. The expected cost of compensation is recognized as an expense in the profit or loss account when it occurs.

#### Retirement benefit obligation

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit gratuity scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the

current and prior years and that benefit is discounted to determine the present value.

### 2.7 Taxation

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

#### Current tax

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

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

#### Deferred tax

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

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

Current and deferred tax are recognised in Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other





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comprehensive income or directly in equity respectively. Where current tax and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 2.8 Property, plant and equipment

#### 2.8.1 Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit or loss and other comprehensive income.

#### 2.8.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

#### 2.8.3 Depreciation

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

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

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

Freehold Land	Nil
Buildings	50 years
Tools and Equipment	4 years
Plant and Equipment	15 years
Furniture and Equipment	5 years
Motor vehicles	4 years
Computer Equipment	3 years

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

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

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

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

#### 2.8.4 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 2.9 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- this may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

The Company's leases include land, buildings (residential apartments) and warehouses. The lease terms are typically for fixed periods ranging for 2- 20 years but may have extension options as described below. On renewal of a lease, the terms may be renegotiated.

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and nonlease components and instead account for these as a single lease component. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

#### Lease liabilities

At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by Nascon under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects NASCON exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses





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in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the company's incremental borrowing rate (IBR) as the rate implicit in the lease cannot be readily determined. The IBR represents the rate that NASCON would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company has adopted its approved rate of securing funds of 9%.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

### Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

### Short-term lease and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets

that have values less than ₦1,800,000 when new, and depends on the nature of the asset, e.g., small equipment. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

### Extension and termination options

Extension and termination options are included in the Company's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and the termination options held are exercisable only by the lessee and the lessor.

### Lease applicable up to 31 December 2018.

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

### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as prepayment. This liability is not discounted. Any contingent rentals are expensed in the period they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Where there are no agreed lease terms, rent payable is recognised as incurred.

### 2.10 Intangible assets

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

### 2.10.1 Derecognition of intangible assets

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

### 2.10.2 Impairment of Non-financial assets excluding goodwill

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 2.11 Inventories

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

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

Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis.

### 2.12 Provisions

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation (when the time value of money is material).

The amount recognised as provision is the present value of the expenditure expected to be required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash





## Accounting Policies

flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

If the Company has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### 2.12.1 Environmental costs

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

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

### 2.13 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a

contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 38 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

### Trade and other receivables

#### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 25).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

#### Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

### Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

### Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in administrative expenses in profit or loss as a movement in credit loss allowance (note 12).

### Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### Credit risk

Details of credit risk are included in the trade and other receivables note (note 25) and the financial instruments and risk management note (note 38).

## Accounting Policies



## Accounting Policies

### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note 11).

### Trade and other payables Classification

Trade and other payables (note 35), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

### Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 16).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 38 for details of risk exposure and management thereof.

### Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

### Bank overdrafts

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

### Derecognition Financial assets

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

### Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### Reclassification Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

### Financial liabilities

Financial liabilities are not reclassified.

### 2.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

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

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 2.15 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

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

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

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

### 2.16 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as ‘share capital’ in equity. Any amounts received from the issue of shares in excess of par value is classified as ‘share premium’ in equity. Dividends are recognised as a liability in the company in which they are declared.

### 2.17 Earnings per share

The Company presents Basic Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for effects of all dilutive potential ordinary shares.

### 3 Critical accounting judgement and key sources of estimation uncertainty

In the application of the Company's significant accounting policies, described in Note 2, the Directors' are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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





## Accounting Policies

### 3.1 Key sources of estimation uncertainty

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

#### 3.1.1 Impairment testing

The recoverable amounts of the vegetable oil and tomato paste plants have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of the vegetable oil and tomato paste plants.

#### 3.1.2 Useful life of property, plant and equipment

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

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

#### 3.1.3 Allowances for credit losses

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses

judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### 3.1.4 Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or NASCON becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee.

## Notes to the Financial Statements

### 4. New Standards and Interpretations

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

Nascon Allied Industries PLC has applied IFRS 16 Leases with a date of initial application of 1 January 2019 and has changed its accounting policies for lease contracts disclosed in note 2.9. The Company has applied IFRS 16 using the modified retrospective approach explained in note 5

#### IFRS 16 Leases

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

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.

- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.





## Notes to the Financial Statements

- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

## Sale and leaseback transactions

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16.
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

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

The company has adopted the standard for the first time in the 2019 financial statements.

The impact of the standard is set out in note 5 Changes in Accounting Policy.

**4.2 Standards and interpretations not yet effective**

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2020 or later periods:

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

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

The effective date of the amendment is to be determined by the IASB.

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

**IFRS 17 Insurance Contracts**

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after January 1, 2021.

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

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

## Notes to the Financial Statements

**5. Changes in accounting policy****Impact of adoption of IFRS 16**

This note explains the impact of the adoption of IFRS 16: Leases on the Company's financial statements.

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance of equity on 1 January 2019. The new accounting policies are disclosed in note 2.9.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The Company had no leases previously classified as finance leases.

**Practical expedients applied**

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There was no onerous contracts as at 1 January 2019.
- elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an arrangement contains a Lease.
- elected not to recognise a ROU asset and lease liability for leases that the lease term (including periods covered by extension options that the company is reasonably certain to exercise) ends within 12 months after the date of initial application.

**Impact on the financial statements**

The following table summarises the impact of the transition to IFRS 16 on the statement of financial position as at 1 January 2019 for each affected individual line item. Line items that were not affected by the changes have not been included. The adoption of IFRS 16 had a nil impact on opening equity as at 1 January 2019.

Assets	Impact of IFRS 16			
	As at 31Dec '18	Reclassification	Remeasurement	As at 1 Jan '19
	₹'000	₹'000	₹'000	₹'000
Right of use asstes	-	66,911	493,699	660,610
Prepayment	166,911	(166,911)	-	-
<b>Liabilities</b>				
<b>Non-current</b>				
Lease liabilities	-	-	516,384	516,384
<b>Current</b>				
Lease liabilities	-	-	(22,685)	(22,685)





## Notes to the Financial Statements

**Measurement of lease liabilities**

	1 January 2019
	Company
	₦'000
Add: adjustments as a result of a different treatment of extension and termination options	493,699
<b>Lease liabilities recognised as at 1 January 2019</b>	<b>493,699</b>
Current lease liabilities	(22,685)
Non - current lease liabilities	516,384

**Right of use assets as at 1 January 2019**

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to leases for land and buildings.

**6. Revenue from contracts with customers**

	2019	2018
	₦'000	₦'000
Sale of goods	23,273,391	21,685,346
Rendering of services	4,214,397	4,084,006
	<b>27,487,788</b>	<b>25,769,352</b>

Revenue is recognised at a point in time

**Disaggregation of revenue from contracts with customers**

The company disaggregates revenue from customers as follows:

**Sale of goods**

Sale of edible, refined, bulk, grade salt as well as Seasoning and Vegetable Oil	23,273,391	21,685,346
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**Rendering of services**

Freight income for the deliveries of Salt and Seasoning	4,214,397	4,084,006
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<b>Total revenue from contracts with customers</b>	<b>27,487,788</b>	<b>25,769,352</b>
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**7. Segmental information**

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

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

## Notes to the Financial Statements

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

**Segmental revenue and results**

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

The segment information provided from the Management is presented below. The information presented includes a reconciliation of the company's EBITDA to net profit before tax and discontinued operations.

**2019**

	Revenue		
	Segment Revenue	Segment cost of sales revenue	Segment Profit
	₦'000	₦'000	₦'000
Salt	18,836,406	(12,308,027)	6,528,379
Seasoning	2,861,029	(1,857,723)	1,003,306
Tomato Paste	-	(19,811)	(19,811)
Vegetable Oil	1,575,956	(2,673,091)	(1,097,135)
Freight income	4,214,397	(4,788,427)	(574,030)
<b>Total</b>	<b>27,487,788</b>	<b>(21,647,079)</b>	<b>5,840,709</b>

**2018**

	Revenue		
	Segment Revenue	Segment cost of sales revenue	Segment Profit
	₦'000	₦'000	₦'000
Salt	20,761,179	(12,340,405)	8,420,774
Seasoning	924,167	(839,022)	85,145
Tomato Paste	-	(20,509)	(20,509)
Vegetable Oil	-	(204,476)	(204,476)
Freight income	4,084,006	(4,584,251)	(500,245)
<b>Total</b>	<b>25,769,352</b>	<b>(17,988,663)</b>	<b>7,780,689</b>

**Segment assets and liabilities**

The amounts provided from the Management with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.





## Notes to the Financial Statements

The deferred tax assets are not considered to be segment assets and are not allocated to segments.

Capital expenditure reflects additions to non-current assets, other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts.

The amounts provided by Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The company's interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the company's treasury function.

The contingent liabilities as disclosed in note 40.1 relate to the Salt segment.

The impairment losses as disclosed in note 13 relate to the Salt segment.

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

<b>2019</b>	<b>Total assets ₦'000</b>	<b>Total liabilities ₦'000</b>
Salt	29,258,184	18,781,474
Seasoning	3,843,689	1,717,613
Tomato Paste	181,266	-
Vegetable oil	1,967,466	-
Freight	3,418,187	4,838,437
<b>Total</b>	<b>38,668,792</b>	<b>25,324,524</b>
<b>Unallocated</b>		
Retirement benefit obligation	-	158,529
Deferred tax	-	2,082,976
<b>Total as per statement of financial position</b>	<b>34,713,563</b>	<b>27,579,507</b>

<b>2018</b>	<b>Total assets ₦'000</b>	<b>Total liabilities ₦'000</b>
Salt	23,314,167	12,658,998
Seasoning	1,844,495	129,221
Tomato Paste	481,527	-
Vegetable oil	2,088,072	-
Freight	2,542,168	3,339,071
<b>Total</b>	<b>30,270,429</b>	<b>16,127,289</b>
<b>Unallocated</b>		
Retirement benefit obligation	-	197,831
Deferred tax	-	2,051,828
<b>Total as per statement of financial position</b>	<b>30,270,429</b>	<b>18,376,949</b>

## Notes to the Financial Statements

## Geographical information

	<b>2019 Revenue by location of customer ₦'000</b>	<b>2018 Revenue by location of customer ₦'000</b>
East	1,695,294	2,160,160
West	7,015,837	5,580,289
North	18,776,657	18,028,903
<b>Total</b>	<b>27,487,788</b>	<b>25,769,352</b>

## 8. Cost of sales

	<b>2019 ₦'000</b>	<b>2018 ₦'000</b>
Raw materials consumed	13,921,257	10,660,808
Employee costs	1,048,885	988,472
Depreciation and impairment	1,897,331	1,695,263
Manufacturing expenses	1,135,720	1,207,249
Loading	124,935	123,883
External haulage	3,518,951	3,312,988
<b>Total</b>	<b>21,647,079</b>	<b>17,988,663</b>

## 9. Investment income

## Investments in financial assets:

	<b>2019 ₦'000</b>	<b>2018 ₦'000</b>
Bank balance	520	434
Fixed deposit	18,645	381,835
Treasury bills	71,353	86,110
<b>Total investment income</b>	<b>90,518</b>	<b>468,379</b>

This represents short-term investment in treasury bills. The Company holds these financial assets to collect contractual cash flows when due. The contractual cash flows represent solely payments of principal and interest. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

## 10. Other income

	<b>2019 ₦'000</b>	<b>2018 ₦'000</b>
Sale of scrap	3,751	8,593
Insurance claim	9,053	20,672
<b>Total</b>	<b>12,804</b>	<b>29,265</b>



## Notes to the Financial Statements

**11. Other operating (losses)/ gains****Gains (losses) on disposals, scrappings and settlements**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Property, plant and equipment (Note 21.5)	(16,301)	(150,213)
<b>Foreign exchange (losses)/gains</b>		
Net foreign exchange (losses) gains	(37)	992,058
<b>Total other operating gains/(losses)</b>	<b>(16,338)</b>	<b>841,845</b>

**12. Movement in credit loss allowances**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Decrease in impairment charge on trade receivable	7,996	(26,790)
<b>Related party receivables</b>		
Increase in impairment charge on intercompany receivables	53,246	771
<b>Staff loans and advances</b>		
Decrease in impairment charge on staff loans and advances	(37)	(167)
<b>Total</b>	<b>61,205</b>	<b>(26,186)</b>

**13. Operating expenses****13.1 Distribution cost**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Market activation	266,714	339,336
Branding expenses	562,923	489,490
<b>Total</b>	<b>829,637</b>	<b>828,826</b>

**13.2 Administrative expenses**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Management fees	109,040	105,872
Auditors remuneration	17,400	17,400
Non-audit fees	-	8,000
Bank charges	56,846	36,455
Cleaning	20,164	24,971
Consulting and professional fees	43,333	9,966
Depreciation (Note 14)	332,996	273,186
Depreciation right of use assets	7,721	-
Directors' remuneration	186,225	187,755
Employee costs (Note 17)	806,935	757,215
Entertainment	37,808	14,231
Business Development	24,115	28,688
Insurance	55,633	37,739
Rent and rates	-	8,329
Petrol and oil	22,631	18,509
Printing and stationery	20,752	17,668
Repairs and maintenance	45,636	37,446
Secretarial fees	46,161	49,506
Security	29,450	24,264
Staff welfare	93,860	61,731
Telephone and fax	47,113	92,896
Travel - local	34,557	47,961
Travel - overseas	6,585	8,365
<b>Total</b>	<b>2,044,961</b>	<b>1,868,153</b>

**14. Depreciation, amortisation and impairments**

The following items are included within depreciation, amortisation and impairments:

**Depreciation**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Property, plant and equipment	332,996	273,186
<b>Total depreciation, amortisation and impairments</b>		
Depreciation (Administrative expenses)	340,717	273,186
Depreciation and impairments	1,897,331	1,695,263
<b>Total</b>	<b>2,238,048</b>	<b>1,968,449</b>





## Notes to the Financial Statements

**15. Auditors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Fees	17,400	17,400

**16. Finance costs**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Interest on borrowings	183,210	-
Lease Interest	39,601	-
<b>Total finance costs</b>	<b>222,811</b>	<b>-</b>

**17. Employee costs**

The following item are included within employee benefits expense:

**Direct labour costs (Cost of sales Note 8)**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Basic	712,645	635,602
Medical aid - company contributions	10,514	12,722
Other payroll levies	5,245	4,428
Leave pay provision charge	20,704	18,952
Short term benefit	255,201	273,223
Other short term costs	448	1,782
Post-employment benefits - Pension - Defined contribution plan	41,556	39,760
Termination benefits	2,572	2,003
<b>Direct labour costs (Cost of sales Note 8)</b>	<b>1,048,885</b>	<b>988,472</b>

**Indirect employee costs**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Basic	455,593	422,368
Bonus	64,726	84,928
Medical aid - company contributions	3,205	2,648
Other payroll levies	11,041	17,974
Leave pay provision charge	27,249	18,489
Short term benefit	197,389	160,290
Other short term costs	11,076	22,195
Post-employment benefits - Pension - Defined contribution plan	36,656	27,813
Termination benefits	-	510
<b>Admin expenses (Note 13)</b>	<b>806,935</b>	<b>757,215</b>

**Total employee costs**

Direct employee costs	1,048,885	988,472
Indirect employee costs	806,935	757,215
<b>Total</b>	<b>1,855,820</b>	<b>1,745,687</b>

**Average number of persons employed during the year**

	<b>2019</b>	<b>2018</b>
Management	48	39
Senior staff	186	176
Junior staff	332	309
<b>Total</b>	<b>566</b>	<b>524</b>

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

<b>₦'000</b>	<b>2019</b>	<b>2018</b>
1 - 5,000	534	503
5,001 - 10,000	26	16
10,001 - 15,000	6	5
<b>Total</b>	<b>566</b>	<b>524</b>

**18. Taxation****Major components of the tax expense**

	<b>2019</b>	<b>2018</b>
<b>Current</b>	<b>₦'000</b>	<b>₦'000</b>
Local income tax	802,569	1,536,678
Education tax	98,572	152,654
Police Trust Fund Levy	138	-
Capital gain tax	-	8
Adjustments recognised in the current year in relation to tax of prior year	(8,590)	-
	<b>892,689</b>	<b>1,689,340</b>
<b>Deferred</b>		
In respect of current year (Note 19)	31,147	339,828
<b>Total</b>	<b>923,836</b>	<b>2,029,168</b>



## Notes to the Financial Statements



## Notes to the Financial Statements

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

**Reconciliation of the tax expense**

There are no deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets is recognised in the statement of financial position.

**Current tax liabilities in the statement of financial position**

	2019 ₦'000	2018 ₦'000
At 1 January	1,702,089	1,985,375
Charge for the year	892,689	1,689,340
Payment during the year	(1,676,623)	(1,972,626)
<b>At 31 December</b>	<b>918,155</b>	<b>1,702,089</b>

**19. Deferred tax**

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

	2019 ₦'000	2018 ₦'000
Deferred tax liability	(2,210,529)	(2,160,474)
Deferred tax asset	127,553	108,646
<b>Total net deferred tax liability</b>	<b>(2,082,976)</b>	<b>(2,051,828)</b>
<b>Reconciliation of deferred tax asset / (liability)</b>		
At January 1	(2,051,828)	(1,712,001)
Temporary difference movement in the year	10,878	(339,827)
Adjustments recognised in the current period in relation to the deferred tax of prior year	(42,026)	-
<b>At 31 December</b>	<b>(2,082,976)</b>	<b>(2,051,828)</b>

**Analysis of deferred tax is made up of:**

31 December 2019 Deferred tax (asset) or liability in relation to:	At 1 January 2019 ₦'000	Recognize in profit or loss ₦'000	Recognize in other comprehensive income ₦'000	At 31 December 2019 ₦'000
Property, plant and equipment	1,894,151	52,146	-	1,946,297
Allowance for doubtful debt	(106,567)	(20,986)	-	(127,553)
Unrealised exchange difference	264,244	(12)	-	264,232
<b>Total</b>	<b>2,051,828</b>	<b>31,148</b>	<b>-</b>	<b>2,082,976</b>

## Notes to the Financial Statements

31 December 2018 Deferred tax (asset) or liability in relation to:	At 1 January 2018 ₦'000	Recognize in profit or loss ₦'000	Recognize in other comprehensive income ₦'000	At 31 December 2018 ₦'000
Property, plant and equipment	1,820,647	73,504	-	1,894,151
Allowance for doubtful debt	(108,646)	2,079	-	(106,567)
Unrealised exchange difference	-	264,244	-	264,244
<b>Total</b>	<b>1,712,001</b>	<b>339,827</b>	<b>-</b>	<b>2,051,828</b>

**20. Earnings per share****Basic earnings per share**

	2019	2018
From continuing operations (kobo per share)	70	167
<b>Reconciliation of profit or loss for the year to basic earnings</b>		
	₦'000	₦'000
Profit or loss for the year attributable to equity holders of the parent	1,845,243	4,420,217
	<b>1,845,243</b>	<b>4,420,217</b>
Weighted average number of ordinary shares as at 31 December ('000)	2,649,438	2,649,438

The Company has no potentially dilutive shares. Accordingly, The basic EPS and diluted EPS have the same values.

## Notes to the Financial Statements

**21. Property, plant and equipment**

	<b>Freehold land ₦'000</b>	<b>Buildings ₦'000</b>	<b>Tools and equipment ₦'000</b>	<b>Plant and machinery ₦'000</b>	<b>Furniture and fittings ₦'000</b>	<b>Motor vehicles ₦'000</b>	<b>Computer equipment ₦'000</b>	<b>Capital work-in- progress ₦'000</b>	<b>Total ₦'000</b>
Cost									
Balance at 1 January 2018	-	1,416,567	400,559	5,156,185	127,700	7,081,679	117,744	329,322	14,629,756
Addition	-	20,758	124,943	1,298,603	27,987	550,040	17,721	2,386,735	4,426,787
Disposal	-	(497)	(28,475)	(326,600)	(1)	(334,888)	-	-	(690,461)
Reclassification	-	26,483	-	25,539	-	-	-	(52,022)	-
Adjustments	-	-	-	-	-	(22,778)	-	-	(22,778)
Balance at 31 December 2018	-	1,463,311	497,027	6,153,727	155,686	7,274,053	135,465	2,664,035	18,343,304
Addition	-	24,983	81,670	40,832	10,059	1,761,893	8,465	3,610,283	5,538,185
Disposal	-	(3,770)	(22,478)	(4,624)	(51,333)	(431,983)	(40,095)	-	(554,283)
Reclassification	70,000	(70,000)	-	-	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>70,000</b>	<b>1,414,524</b>	<b>556,219</b>	<b>6,189,935</b>	<b>114,412</b>	<b>8,603,963</b>	<b>103,835</b>	<b>6,274,318</b>	<b>23,327,206</b>
Accumulated depreciation									
Balance at 1 January 2018	-	135,669	142,348	1,758,300	82,397	3,007,362	84,477	-	5,210,553
Charge for the year	-	28,484	101,983	395,516	17,461	1,405,512	19,493	-	1,968,449
Disposal	-	(105)	(17,477)	(176,397)	(1)	(324,223)	-	-	(518,203)
	-	-	-	-	-	(22,778)	-	-	(22,778)
Balance at 31 December 2018	-	164,048	226,854	1,977,419	99,857	4,065,873	103,970	-	6,638,021
Charge for the year	-	29,461	126,876	418,225	21,788	1,437,668	16,140	-	2,050,158
Disposal	-	(3,774)	(22,477)	(4,622)	(51,324)	(413,405)	(40,095)	-	(535,697)
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>189,735</b>	<b>331,253</b>	<b>2,391,022</b>	<b>70,321</b>	<b>5,090,136</b>	<b>80,015</b>	<b>-</b>	<b>8,152,482</b>
Carrying amount									
<b>Balance as at 31 December 2019</b>	<b>70,000</b>	<b>1,224,789</b>	<b>224,966</b>	<b>3,798,913</b>	<b>44,091</b>	<b>3,513,827</b>	<b>23,820</b>	<b>6,274,318</b>	<b>15,174,724</b>
Balance as at 31 December 2018	-	1,299,263	270,173	4,176,308	55,829	3,208,180	31,495	2,664,035	11,705,283

## Notes to the Financial Statements

**21.1 Capital work-in-progress**

Work-in-progress comprises amounts expended on Salt village refinery project and Vegetable Oil tank farm in Apapa.

Included in the capital work-in-progress during the year is ₦96.9 million interest on financing facility of ₦1.5 billion working capital for Salt Village from Dangote Industries Limited.

**21.2 Reclassification of Freehold land and Building**

The Freehold land included in Freehold land and building as of 31 December 2018 was reclassified to Freehold Land for both our Ota and Oregon plants in 2019.

The Ota plant is located on the property acquired with the purchase of NASCON from the Nigerian Government in April 1973.

This land in Ota has been recognized at a nominal value of ₦1 in accordance with IAS 20 Government Grants.

The Oregon plant is located on a property purchased by NASCON in 2011 for ₦70,000,000 and the value has been recognized accordingly. The depreciation associated with the land of ₦11,207,671 charged to the Profit or Loss between 2011 and 2018 was considered not materially necessary for the restatement of the Financial Statements.

**21.3 Asset pledged as security**

None of the Company's assets were pledged as security for any liabilities as at 31 December 2019 (2018: Nil)

**21.4 Impairment Assessment**

Included in property, plant and equipment are assets related to vegetable oil and tomato paste plants with carrying values of ₦1.478 billion and ₦142.2 million respectively as at 31 December 2019. These cash generating units (CGUs) did not operate optimally during the year, and were loss making. The Directors considered these to be indicators of impairment. These CGUs were subjected to impairment assessments using the forced sale model. The recoverable amounts of both CGUs exceeded their carrying values. Accordingly, no impairment charges have been recognized in these financial statements as at 31 December 2019. (2018: Nil)

**21.5 Sale of Property, plant and equipment**

	<b>2019 ₦'000</b>	<b>2018 ₦'000</b>
Net book value of disposed assets	18,587	172,258
proceeds from sales	(2,286)	(22,045)
<b>Losses on disposals</b>	<b>16,301</b>	<b>150,213</b>





## Notes to the Financial Statements

**22. Right of use assets**

This note provides information for leases where the Company is a lessee.

Amounts recognised in the statement of financial position.

The statement of financial position shows the following amounts relating to leases:

<b>Right of use assets</b>	<b>Land ₹'000</b>	<b>Building ₹'000</b>	<b>Total ₹'000</b>
Opening balance as at 1 January 2019	-	-	-
Effect of initial application of IFRS 16	-	660,610	660,610
Restated opening balance as at 1 January 2019	-	660,610	660,610
Additions during the year	3,132,298	34,876	3,167,174
Closing balance as at 31 December 2019	3,132,298	695,486	3,827,784
<b>Depreciation</b>			
Opening balance as at 1 January 2019	-	-	-
Charge for the year	-	187,889	187,889
Closing balance as at 31 December 2019	-	187,889	187,889
<b>Net book value as at 31 December 2019</b>	<b>3,132,298</b>	<b>507,597</b>	<b>3,639,895</b>

**23. Other assets****Prepayments:**

	<b>2019 ₹'000</b>	<b>2018 ₹'000</b>
Rent prepaid	-	174,199
Insurance prepaid	5,330	3,909
Prepayment-Others	3,009	-
Deposit for import	489,519	2,107,374
Promotional Items	133,194	-
	<b>631,052</b>	<b>2,285,482</b>

**24. Inventories**

	<b>2019 ₹'000</b>	<b>2018 ₹'000</b>
Raw materials	3,170,047	3,321,924
Work in progress	7,146	17,913
Finished goods	192,418	250,389
Spare parts and consumables	348,584	219,570
Oil and lubricants	92,083	64,211
Packaging materials	618,380	496,372
	<b>4,428,658</b>	<b>4,370,379</b>

During the year, there were no inventory written down/reversal to net realisable value (2018: Nil).

The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹13.921 billion (2018: ₹10.660 billion).

## Notes to the Financial Statements

**24.1 Inventory pledged as security**

No inventory was pledged as security for any liability (2018: Nil).

**25. Trade and other receivables****Financial instruments:**

	<b>2019 ₹'000</b>	<b>2018 ₹'000</b>
Trade receivables	428,097	709,263
Trade receivables - related parties (Note 40.1)	10,120,884	7,746,359
Loss allowance	(197,741)	(136,536)
Trade receivables at amortised cost	10,351,240	8,319,086
Other receivables	173,477	556,420
<b>Non-financial instruments:</b>		
VAT	4,279	-
Employee loans and advances	14,383	12,370
<b>Total trade and other receivables</b>	<b>10,543,379</b>	<b>8,887,876</b>

**Categorisation of trade and other receivables**

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	10,524,717	8,875,506
Non-financial instruments	18,662	12,370
<b>Total</b>	<b>10,543,379</b>	<b>8,887,876</b>

**Exposure to credit risk**

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

The loss allowance provision is determined as follows:

<b>Expected credit loss rate:</b>	<b>2019 Estimated gross carrying amount at default ₹'000</b>	<b>2019 Loss allowance (Lifetime expected credit loss) ₹'000</b>	<b>2018 Estimated gross carrying amount at default ₹'000</b>	<b>2018 Loss allowance (Lifetime expected credit loss) ₹'000</b>
<b>Trade Receivables</b>				
Outstanding for 0 - 3 months: 4.6% (2018: 4.6%)	388,422	(26,922)	679,311	(31,252)
Outstanding for 4 - 6 months: 61.9% (2018: 61.9%)	9,790	(7,557)	8,682	(5,373)
Outstanding for 7 - 9 months: 84.2% (2018: 84.2%)	-	-	9,877	(8,352)
Outstanding for 10 - 12 months: 96.3% (2018: 96.3%)	-	-	-	-
Outstanding over 1 year: 100% (2018: 100%)	29,885	(29,885)	11,393	(11,393)
	<b>428,097</b>	<b>(64,364)</b>	<b>709,263</b>	<b>(56,370)</b>



## Notes to the Financial Statements

**25. Trade and other receivables (continued)****Reconciliation of loss allowances**

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2019 ₦'000	2018 ₦'000
<b>Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement</b>	-	(74,931)
Adjustments upon application of IFRS 9	-	(87,791)
<b>Opening balance in accordance with IFRS 9</b>	<b>(136,536)</b>	<b>(162,722)</b>
Provision raised on new trade receivables	(61,242)	(771)
Provisions reversed on settled trade receivables	37	26,957
<b>Closing balance</b>	<b>(197,741)</b>	<b>(136,536)</b>

**The reconciliation of gross carrying amount for NASCON is as follows:**

Gross carrying amount as at 1 January 2019	8,455,622	5,038,134
Revenue from third parties	27,487,788	25,769,352
Receipts from third parties	(27,791,493)	(24,869,804)
Rebates receivable from related party	2,397,064	2,517,940
<b>Gross carrying amount as at 31 December 2019</b>	<b>10,548,981</b>	<b>8,455,622</b>

**26. Other financial assets**

	2019 ₦'000	2018 ₦'000
<b>Loans and receivables</b>		
Treasury bills with maturity of less than 90 days	590,350	433,433
<b>Current assets</b>		
Securities held at amortised cost	590,350	433,433

**27. Cash and cash equivalents**

Cash and cash equivalents consist of:

	2019 ₦'000	2018 ₦'000
Cash on hand	2,354	3,345
Bank balances	3,658,380	2,584,631
	<b>3,660,734</b>	<b>2,587,976</b>

**28. Share capital**

	2019 ₦'000	2018 ₦'000
<b>Authorised</b>		
4,000,000,000 Ordinary shares of 50 kobo each	2,000,000	2,000,000
<b>Issued and fully paid</b>		
2,649,438,378 ordinary shares of 50 kobo each	1,324,719	1,324,719

**29. Share premium  
Issued**

	2019 ₦'000	2018 ₦'000
Share premium	434,037	434,037

**30. Retained earnings**

At 1 January	10,134,724	9,688,665
Profit for the year	1,845,243	4,420,217
Dividend declared and paid	(2,649,438)	(3,974,158)
<b>At 31 December</b>	<b>9,330,529</b>	<b>10,134,724</b>

At the Annual General Meeting held on 13 June 2019, the shareholders approved that dividend of 100 kobo amounting to ₦2.649 billion be paid to shareholders for the year ended 31 December 2018. In respect of the current year, the Directors' propose that a dividend of 40 kobo per ordinary share be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The total estimated dividend to be paid is ₦1.060 billion.

**31. Dividend payable**

	2019 ₦'000	2018 ₦'000
At 1 January	-	-
Dividend declared	2,649,438	3,974,158
Payments - Meristem Registrars	(2,649,438)	(3,974,158)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

**32. Borrowings  
Held at amortised cost**

	2019 ₦'000	2018 ₦'000
Loans	3,300,000	-
Government grant	38,570	38,570
<b>Total</b>	<b>3,338,570</b>	<b>38,570</b>

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



## Notes to the Financial Statements

**33. Lease liabilities**

	Land ₦'000	Building ₦'000	Total ₦'000
Effect of initial application of IFRS 16	-	493,699	493,699
Restated opening balance as at 1 January 2019	-	493,699	493,699
Additions	3,132,298	34,876	3,167,174
Interest expenses	-	39,601	39,601
Payments made during the period	-	(99,050)	(99,050)
<b>Total</b>	<b>3,132,298</b>	<b>469,126</b>	<b>3,601,424</b>
Lease liabilities			
Current	298,142	167,012	465,154
Non-current	2,955,055	302,113	3,257,168
<b>Total</b>	<b>3,253,197</b>	<b>469,125</b>	<b>3,722,322</b>

**34. Retirement benefits obligation****34.1 Movement in gratuity**

	2019 ₦'000	2018 ₦'000
At 1 January	197,831	222,134
Current service cost	-	-
Benefit paid out	(39,302)	(24,303)
<b>At 31 December</b>	<b>158,529</b>	<b>197,831</b>

The entity was operating a defined benefit for its permanent Nigerian staff, the benefits under which are related to employees' length of service and final remuneration.

However, the Board resolved to eliminate the scheme effective January, 2013. The valuation of the liabilities is as of that date. The balance as at 31 December, 2019 represents what is owed to staff who are still in service from the old scheme.

As at December 31, 2019 no fund has been set up from which payments can be disbursed.

**Defined contribution plan**

The employees of the company are members of a Defined Contribution Pension plan administered by third-party Pension Fund Administrators under the Pension Reform Act of 2014. The assets of the plan are held separately from those of the Company. The scheme is funded in accordance with the Pension Reform Act of 2014 with the employee and employer contribution representing 8% and 10% respectively of the employee's relevant emoluments effective July 2014.

**Staff pension**

	2019 ₦'000	2018 ₦'000
Contributions during the year	141,142	123,957
Remittance in the year	(141,142)	(123,957)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

The only obligation of the Company with respect to the pension scheme is to make the specified contributions. The total expense recognised in profit or loss of ₦78.50 million (2018: ₦68.86 million) represents contributions payable to this plan by the Company as at 31 December 2019.

## Notes to the Financial Statements

**35. Trade and other payables****Financial instruments:**

	2019 ₦'000	2018 ₦'000
Trade payables	2,634,731	2,114,129
Amounts due to related parties (Note 40.1)	11,875,509	10,465,580
Withholding tax payable	37,444	39,945
Unclaimed dividend	590,350	433,433
Accrued audit fees	8,820	17,400
Accrued expenses	422,045	628,696
Other payables	17,994	24,113
<b>Non-financial instruments:</b>		
Value added tax	-	40,910
<b>Total</b>	<b>15,586,893</b>	<b>13,764,206</b>

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

**36. Contract liabilities****Summary of contract liabilities**

	2019 ₦'000	2018 ₦'000
Sales of finished goods	1,772,063	622,425
<b>Reconciliation of contract liabilities</b>		
Opening balance	622,425	1,186,993
Revenue recognised on delivery of goods/services previously paid for	(622,425)	(1,186,993)
Payments received in advance of delivery of performance obligations	1,772,063	622,425
<b>Total</b>	<b>1,772,063</b>	<b>622,425</b>

**37. Reconciliation of cash generated from operations**

	2019 ₦'000	2018 ₦'000
Profit before taxation	2,769,079	6,449,385
<b>Adjustments for:</b>		
Depreciation (Note 21)	2,238,048	1,968,449
Losses on disposals of property, plant and equipments (Note 11)	16,301	150,213
Investment income (Note 9)	(90,518)	(468,379)
Finance costs (Note 16)	222,811	-
Impairment charges/(reversal) for credit losses (Note 12)	61,205	(26,186)
Prepayment adjustment	(166,668)	-
<b>Changes in working capital:</b>		
Inventories	(58,279)	(1,353,592)
Trade and other receivables	(1,655,503)	(3,345,942)
Other financial assets	(156,917)	35,358
Prepayments	1,654,430	(147,296)
Trade and other payables	1,822,687	321,244
Contract liabilities	1,149,638	(564,568)
<b>Total</b>	<b>7,806,314</b>	<b>3,018,686</b>



## Notes to the Financial Statements

**38. Financial instruments and risk management****38.1 Capital risk management**

The capital structure of the company consists of net debt (which includes the borrowings disclosed in (Note 32), offset by cash and bank balances and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial statements. The company monitors its capital structure to ensure that the target debt equity ratio as stated in its debt covenants is not exceeded. The Company is not subject to any externally imposed capital requirements.

The capital structure and gearing ratio of the company at the reporting date was as follows:

		<b>2019</b>	<b>2018</b>
		<b>₦'000</b>	<b>₦'000</b>
Other liabilities	32	3,338,570	38,570
Finance lease liabilities	33	3,722,321	-
Trade and other payables	35	15,586,893	13,764,206
<b>Total debts</b>		<b>22,647,784</b>	<b>13,802,776</b>
Cash and cash equivalents	27	(3,660,734)	(2,587,976)
<b>Net debts</b>		<b>18,987,050</b>	<b>11,214,800</b>
Equity		11,089,285	11,893,480
Gearing ratio		171 %	94 %

**38.2 Financial risk management**

Risk management roles and responsibilities are assigned to stakeholders in the Company at three levels: The Board, Executive Committee and Line Managers.

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

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

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

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

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

## Notes to the Financial Statements

**38.3 Credit risk management**

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

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

About 86% of the trade receivables are due from Bulk Commodities Limited, a related party, for rebate on purchase of Salt. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analyzed at each reporting date on an individual basis for corporate and individual customers.

The maximum exposure to credit risk is presented in the table below:

		<b>2019</b>			<b>2018</b>		
		<b>Gross carrying amount</b>	<b>Credit loss allowance</b>	<b>Amortised cost / fair value</b>	<b>Amortised cost / fair value</b>	<b>Credit loss allowance</b>	<b>Amortised cost / fair value</b>
		<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Trade and other receivables	25	10,722,458	(197,741)	10,524,717	9,012,042	(136,536)	8,875,506
Cash and cash equivalents	27	4,136,713	-	4,136,713	2,613,779	-	2,613,779
<b>Total</b>		<b>14,859,171</b>	<b>(197,741)</b>	<b>14,661,430</b>	<b>11,625,821</b>	<b>(136,536)</b>	<b>11,489,285</b>

**38.4 Deposit with banks and other financial institutions**

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





## Notes to the Financial Statements

**38.5 Liquidity risk management**

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

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

**2019**

	Note(s)	0-3 months ₦'000	3-6 months ₦'000	2 to 5 years ₦'000	Total ₦'000	Carrying amount ₦'000
<b>Non-current liabilities</b>						
Borrowings	32	3,000,000	300,000	38,570	3,338,570	3,338,570
Lease liabilities	33	81,150	700,601	2,475,417	3,257,168	3,257,168
<b>Total</b>		<b>3,081,150</b>	<b>1,000,601</b>	<b>2,513,987</b>	<b>6,595,738</b>	<b>6,595,738</b>
<b>Current liabilities</b>						
Trade and other payables	35	12,690,420	2,896,475	-	15,586,895	15,586,893
Lease liabilities	33	-	-	465,153	465,153	465,153
		12,690,420	2,896,475	465,153	16,052,048	16,052,046
<b>Total</b>		<b>15,771,570</b>	<b>3,897,076</b>	<b>2,979,140</b>	<b>22,647,786</b>	<b>22,647,784</b>

**2018**

	Note(s)	0-3 months N'000	3-6 months N'000	2 to 5 years N'000	Total N'000	Carrying amount N'000
<b>Non-current liabilities</b>						
Borrowings	32	-	-	38,570	38,570	38,570
<b>Total</b>		<b>-</b>	<b>-</b>	<b>38,570</b>	<b>38,570</b>	<b>38,570</b>
<b>Current liabilities</b>						
Trade and other payables	35	8,606,096	5,117,200	-	13,723,296	13,723,296
		<b>8,606,096</b>	<b>5,117,200</b>	<b>-</b>	<b>13,723,296</b>	<b>13,723,296</b>
<b>Total</b>		<b>8,606,096</b>	<b>5,117,200</b>	<b>38,570</b>	<b>13,761,866</b>	<b>13,761,866</b>

## Notes to the Financial Statements

**38.6 Foreign currency risk**

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

**38.6.1 Exposure in foreign currency amounts**

The net carrying amounts, in foreign currency of the above exposure was as follows:

	2019 ₦'000	2018 ₦'000
<b>US Dollar exposure:</b>		
<b>Current assets:</b>		
Trade and other receivables	10,016,914	7,647,913
<b>Current liabilities:</b>		
Trade and other payables	(9,349,283)	(6,885,013)
<b>Net US Dollar exposure</b>	<b>667,631</b>	<b>762,900</b>

**38.6.2 Foreign currency sensitivity analysis**

The following table details the Company's sensitivity to a 3%, increase and decrease in Naira against USD currency. Management believes that a 3% movement in either direction is reasonably possible at the statement of financial position date. The sensitivity analyses below include outstanding balances of USD denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 3% against the USD. For a 3% weakening of Naira against the USD there would be an equal and opposite impact on profit, and the balances below would be negative.

	2019 ₦'000	2018 ₦'000
Impact on profit or loss:		
Naira strengthens by 3% against the US dollar Profit / (loss)	20,029	22,887
Naira weakens by 3% against the US dollar Profit / (loss)	(20,029)	(22,887)
	-	-

**38.7 Interest rate risk**

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



## Notes to the Financial Statements

**39. Fair value information**

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

	<b>Book value</b>		<b>Fair value</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>Financial asset</b>				
Trade and other receivables	10,543,379	8,887,876	10,543,379	8,887,876
Cash and bank	3,660,734	2,587,976	3,660,734	2,587,976
<b>Financial liabilities</b>				
Trade and other payables	15,586,893	13,764,206	15,586,893	13,764,206
Borrowings	3,338,570	38,570	3,338,570	38,570

The book value of the trade and other receivables is arrived at by factoring allowances for doubtful debts on trade receivables and other receivables.

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

## Notes to the Financial Statements

**40. Related parties****40.1 Related party balances**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>Intercompany receivables</b>		
<b>Other related party receivables</b>		
Dangote Pasta Limited	-	18,022
Aliko Dangote Foundation	3,473	-
Dangote Noodles Limited	-	4,628
Dangote Cement Plc (Ibeshe Plant)	-	3,884
Greenview Development Nigeria Limited	8,826	-
Dangote Cement Plc (Benue Plant)	5,833	4,050
Dancom Technologies Limited	26,756	5,619
West African Popular Foods	62,243	62,243
Bulk Commodities Ltd	10,013,752	7,647,913
<b>Total</b>	<b>10,120,883</b>	<b>7,746,359</b>

**Intercompany payables****Parent and ultimate controlling party**

	<b>2019</b>	<b>2018</b>
	<b>₦'000</b>	<b>₦'000</b>
Dangote Industries Limited (Parent)	879,315	804,959
<b>Other related party payables</b>		
Dangote Sugar Refinery Plc	121,667	-
Green view Development Nigeria Limited	-	5,932
Dansa Foods Limited	-	113,302
Dangote Cement Plc	24,194	24,194
Dangote Flour Mills Plc	-	14,600
Dangote Agrosack Limited	129,601	36,506
Dangote Transport Limited	22,962	22,962
Dangote Industries Limited (Central Stores)	181,446	176,945
Dangote Industries Limited (Head office)	2,558,022	2,535,367
Dangote Oil Refining Company Limited	14,711	14,711
Dangote Cement Plc. (Benue Plant)	77,602	77,602
Dangote Cement Plc. (Benue Plant Truck scheme)	273,702	54,398
SinoTruk West Africa limited	1,457,500	-
Bulk Commodities Limited	6,134,787	6,584,102
<b>Total</b>	<b>11,875,509</b>	<b>10,465,580</b>





## Notes to the Financial Statements

**40.2 Purchases, sales, promotional support, other services and dividend**

	Transaction Value		Balance due (to)/from	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
<b>Purchases, promotional support and other services</b>				
Ultimate parent	(33,904)	(35,000)	(1,179,315)	(804,959)
Other related parties	(19,870,462)	(10,348,724)	(10,996,194)	(9,660,621)
<b>Technical services fees</b>				
Other related parties	(76,539)	(180,458)	-	-
<b>Dividend payable</b>				
Ultimate parent	(1,647,683)	(2,471,645)	-	-
	<b>(21,628,588)</b>	<b>(13,035,827)</b>	<b>(12,175,509)</b>	<b>(10,465,580)</b>
<b>Sales and other services</b>				
Other related parties	269,659	2,779,226	10,120,883	7,746,359
	<b>269,659</b>	<b>2,779,226</b>	<b>10,120,883</b>	<b>7,746,359</b>

**Relationships**

Dangote Cement Plc, (Gboko Plant)	Fellow subsidiary, provides trucks for NASCON
Bulk Commodities limited	Fellow subsidiary, purchases raw salt for NASCON
Dangote Industries Limited (Central Stores)	Fellow subsidiary, Nascon purchases spare parts
DANCOM Technologies Limited	Fellow subsidiary, provides internet services and IT support
Dangote Agrosacks Limited	Fellow subsidiary, produces empty sacks for NASCON
Dangote Cement Plc	Fellow subsidiary, buys Crude Salt from NASCON and procures trucks on behalf of NASCON
Aliko Dangote Foundation	Fellow subsidiary, engages in philanthropy
Dangote Industries Limited	Ultimate controlling party
Dangote Oil Refining Company Limited	Fellow subsidiary, NASCON purchases equipment
Dangote Sugar Refinery Plc.	Fellow subsidiary, buys crude salt from NASCON and provides warehouse facility to NASCON
Dangote Transport Limited	Fellow subsidiary, provides haulage services to NASCON
Greenview Development Nigeria Limited	Fellow subsidiary, provides port and terminal services to NASCON
Dangote Cement Plc, (Obajana Plant)	Fellow subsidiary, NASCON provides haulage services
West African Popular Foods	Joint venture with Unilever, purchased and sold Annapurna Salt

Dangote Industries Limited (DIL) performed certain administrative services for the Company for which a management fee of ₦109.0 million (2018: ₦105.9 million) was charged, being an appropriate allocation of costs incurred by relevant administrative departments.

## Notes to the Financial Statements

**40. Related parties (continued)**

	2019 ₦'000	2018 ₦'000
<b>Compensation to directors and other key management</b>		
Short-term employee benefits	186,225	187,755
	<b>186,225</b>	<b>187,755</b>
<b>Directors fee and expenses</b>		
Directors Fees	20,500	20,570
Directors Expenses	165,725	167,185
<b>Total</b>	<b>186,225</b>	<b>187,755</b>

**The number of Directors including the Chairperson with gross emoluments within the bands stated below were:**

₦'000	2019	2018
0 – 15,000	-	-
15,001 – 30,000	8	8
30,001 – and above	2	2
	<b>10</b>	<b>10</b>

**41. Commitments**

The Company's total capital commitments as at 31 December 2019 amounted to ₦3.39 billion in respect of purchase of raw salt and Oregon plant rehabilitation (2018: ₦2.39 billion).

**42. Contingent assets and Contingent liabilities****42.1 Pending litigation and claims.**

There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal counsels. The contingent liabilities in respect of pending litigation and claims amounted to ₦13.0 million as at December 31, 2019 (2018: ₦13.0 million). In the opinion of the Directors and based on independent legal advice, the

Company is not expected to suffer any material loss arising from these claim, thus no provision has been made in these financial statements.

**42.2 Financial commitments**

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

**43. Events after the reporting period**

There were no events after the reporting period that could have had a material effect on the financial statements of the Company as at 31 December 2019 that have not been taken into account in these financial statements.

**44. Approval of Financial statements**

The Board approved the financial statements during its meeting of 20 March 2020.



## Other National Disclosures - Value Added Statement

	2019 ₦'000	2019 %	2018 ₦'000	2018 %
<b>Value Added</b>				
Turnover	27,487,788		25,769,352	
Investment income	90,518		468,379	
Other operating income	12,804		29,265	
Other operating gains (losses)	(16,338)		841,845	
Bought-in materials and services:				
- Local	(9,060,043)		(5,941,554)	
- Foreign	(11,181,541)		(10,842,197)	
<b>Total Value Added</b>	<b>7,333,188</b>	<b>100</b>	<b>10,325,090</b>	<b>100</b>
<b>Value Distributed</b>				
<b>To Pay Employees</b>				
Salaries, wages, medical and other benefits	2,042,045		1,933,442	
	<b>2,042,045</b>	<b>28</b>	<b>1,933,442</b>	<b>19</b>
<b>To Pay Providers of Capital</b>				
Finance costs	222,811		-	
	<b>222,811</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>To Pay Government</b>				
Income tax	892,689		1,689,340	
	<b>892,689</b>	<b>12</b>	<b>1,689,340</b>	<b>16</b>
<b>To be retained in the business for expansion and future wealth creation:</b>				
Depreciation, amortisation and impairments	2,299,253		1,968,449	
Deferred tax	31,147		339,828	
	<b>2,330,400</b>	<b>32</b>	<b>2,308,277</b>	<b>22</b>
<b>Value retained</b>				
Retained profit	1,845,243		4,420,217	
	<b>1,845,243</b>	<b>25</b>	<b>4,420,217</b>	<b>43</b>
<b>Total Value Distributed</b>	<b>7,333,188</b>	<b>100</b>	<b>10,325,090</b>	<b>100</b>

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

## Other National Disclosures - Five Year Financial Summary

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
<b>Statement of Financial Position</b>					
<b>Assets</b>					
Non-current assets	18,814,619	11,705,283	9,421,041	6,399,575	6,909,411
Current assets	19,854,173	18,565,146	20,702,206	18,203,692	9,385,415
<b>Total assets</b>	<b>38,668,792</b>	<b>30,270,429</b>	<b>30,123,247</b>	<b>24,603,267</b>	<b>16,294,826</b>
<b>Liabilities</b>					
Non-current liabilities	8,837,243	2,288,229	1,972,705	1,432,087	1,255,093
Current liabilities	18,742,264	16,088,720	16,615,330	15,124,953	7,951,497
<b>Total liabilities</b>	<b>27,579,507</b>	<b>18,376,949</b>	<b>18,588,035</b>	<b>16,557,040</b>	<b>9,206,590</b>
<b>Equity</b>					
share capital and premium	1,758,756	1,758,756	1,758,756	1,758,756	1,758,756
Retained income	9,330,529	10,134,724	9,776,456	6,287,471	5,329,480
<b>Total equity</b>	<b>11,089,285</b>	<b>11,893,480</b>	<b>11,535,212</b>	<b>8,046,227</b>	<b>7,088,236</b>
<b>Total equity and liabilities</b>	<b>38,668,792</b>	<b>30,270,429</b>	<b>30,123,247</b>	<b>24,603,267</b>	<b>16,294,826</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>					
Revenue	27,487,788	25,769,352	27,064,325	18,291,792	16,178,197
Cost of sales	(21,647,079)	(17,988,663)	(17,070,310)	(12,374,098)	(11,816,653)
<b>Gross profit</b>	<b>5,840,709</b>	<b>7,780,689</b>	<b>9,994,015</b>	<b>5,917,694</b>	<b>4,361,544</b>
Other income	12,804	29,265	11,296	18,484	80,423
Other operating gains/(losses)	(16,338)	841,845	(1,868)	(22,171)	80,574
Other operating expenses	(2,935,803)	(2,670,793)	(2,376,588)	(2,095,332)	(1,487,209)
<b>Operating profit</b>	<b>2,901,372</b>	<b>5,981,006</b>	<b>7,626,855</b>	<b>3,818,675</b>	<b>3,035,332</b>
Investment Income	90,518	468,379	354,745	55,328	9,258
Finance costs	(222,811)	-	(72,113)	(357,671)	(20,065)
<b>Profit before taxation</b>	<b>2,769,079</b>	<b>6,449,385</b>	<b>7,909,487</b>	<b>3,516,332</b>	<b>3,024,525</b>
Taxation	(923,836)	(2,029,168)	(2,565,896)	(1,101,148)	(911,918)
<b>Profit from discontinued operations</b>	<b>1,845,243</b>	<b>4,420,217</b>	<b>5,343,591</b>	<b>2,415,184</b>	<b>2,112,607</b>
<b>Profit for the year</b>	<b>1,845,243</b>	<b>4,420,217</b>	<b>5,343,591</b>	<b>2,415,184</b>	<b>2,112,607</b>
<b>Retained income for the year</b>	<b>1,845,243</b>	<b>4,420,217</b>	<b>5,343,591</b>	<b>2,415,184</b>	<b>2,112,607</b>







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## Share Capital History

AUTHORISED NOMINAL VALUE					ISSUED AND PAID-UP			
Year	Other than by bonus				Bonus issue		Total	
	No. of	No. of	No. of	No. of	shares	Amount	shares	Amount
	shares	Amount	shares	Amount				
	'000	₦'000	'000	₦'000	'000	₦'000	'000	₦'000
1991	40,000	20,000	-	-	-	-	14,110	7,055
1992	40,000	20,000	-	-	-	-	14,110	7,055
1993	40,000	20,000	-	-	-	-	14,110	7,055
1994	40,000	20,000	-	-	-	-	14,110	7,055
1995	80,000	40,000	-	-	-	-	14,110	7,055
1996	80,000	40,000	65,847	32,923	-	-	79,957	39,978
1997	200,000	100,000	-	-	-	-	79,957	39,978
1998	200,000	100,000	-	-	-	-	79,957	39,978
1999	200,000	100,000	-	-	-	-	79,957	39,978
2000	200,000	100,000	-	-	-	-	79,957	39,978
2001	200,000	100,000	-	-	-	-	79,957	39,978
2002	200,000	100,000	-	-	-	-	79,957	39,978
2003	200,000	100,000	-	-	-	-	79,957	39,978
2004	200,000	100,000	-	-	-	-	79,957	39,978
2005	200,000	100,000	-	-	-	-	79,957	39,978
2006	4,000,000	2,000,000	-	-	-	-	79,957	39,978
2007	4,000,000	2,000,000	2,127,909	1,063,954	-	-	2,207,865	1,103,932
2008	4,000,000	2,000,000	-	-	441,573	220,787	2,649,438	1,324,719
2009	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2010	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2011	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2012	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2013	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2014	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2015	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2016	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2017	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2018	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2019	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the ANNUAL GENERAL MEETING of NASCON ALLIED INDUSTRIES PLC. (NASCON) for the year ended 31st December 2019 will hold on Monday 27th July 2020 at the CIVIC CENTER, Ozumba Mbadiwe Road, Victoria Island, Lagos at 1 pm prompt to transact the following business:

1. To lay before the Meeting the audited financial statements for the year ended 31st December 2019 along with the Directors report, the reports of the Independent auditors and the Audit Committee thereon.
2. To declare a Dividend.
3. To re-elect the following non-Executive Directors who are retiring by rotation and have offered themselves for re-election:
  - a. Mr. Knut Ulvmoen
  - b. Alhaji Abdu Dantata
  - c. Halima Aliko Dangote
4. To re-appoint the Company's Independent auditors.
5. To authorize the Directors to fix the remuneration of the Independent auditors.
6. To elect shareholders members of the Audit Committee.

## SPECIAL BUSINESS

7. To fix the remuneration of the Directors for the year ending 31st December 2020.
8. To consider and if thought fit pass the following as an ordinary Resolution:

*"That in compliance with the rules of the Nigerian Stock Exchange governing transactions with related or interested persons, the General Mandate circular in respect of all recurrent transactions that may be entered into with a related party or interested person which are of a revenue and trading nature or are necessary for the Company's operations including but not limited to the procurement of goods and services on normal commercial transactions terms as contained in the circular in the 2019 Annual Report be and is hereby approved"*

## NOTES

### A. PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.

In view of the current Covid-19 pandemic, the directives to minimize social contacts by restricting the number of persons

at public gatherings and in accordance with the Corporate Affairs Commission's approval and Guidelines on Holding of Annual General Meetings (AGM) of Public Companies by taking advantage of Section 230 of the Companies and Allied Matters Act (CAMA) using Proxies, **all members are hereby advised that attendance for the meeting shall be by PROXY.**

Shareholders are therefore advised to kindly appoint proxies to represent them at the meeting, as the Company is bound by the directives on the maximum number of people permitted in a social/public gathering.

Consequently, members are required to appoint a proxy of their choice from the following list of proposed proxies to represent them at the meeting:

1. Mrs. Yemisi Ayeni
2. Mr. Olakunle Alake
3. Mr. Paul Farrer
4. Professor Chris Ogbechie
5. Sir Sunny Nwosu
6. Mrs. Bisi Bakare
7. Mr. Nornah Awoh
8. Mr. Adeolu Akinsanya

A proxy form is enclosed in the Annual Report and can be accessed on the Company's website [www.nasconplc.com](http://www.nasconplc.com). For the instrument of proxy to be valid, it must be completed and duly stamped for the purposes of this meeting. The Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, Meristem Registrars Ltd at No. 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos. You can also reach them by email at [info@meristemregistrars.com](mailto:info@meristemregistrars.com), not less than 48 hours before the time fixed for the meeting.

### B. Dividend

If the dividend recommended by the Directors is approved, dividend will be paid on Wednesday 29th July 2020 to shareholders whose names appear in the Register of Members at the close of business on Tuesday 14th July 2020.

### C. E-Dividend

Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of dividend payment in line with the Securities and Exchange Commission (SEC) directives. Detachable e-mandate application form for the e-dividend is attached to the Annual Report and can be accessed on the Company's website at

[www.nasconplc.com](http://www.nasconplc.com) to enable all shareholders furnish particulars of their bank accounts to the Registrar as soon as possible. The e-dividend form is also available on the website of the Company's Registrar [www.meristemregistrars.com](http://www.meristemregistrars.com).

### D. Closure of Register of Members

The Register of Members and Transfer Books of the Company will be closed on Wednesday 15th to Thursday 16th July 2020 to enable the Registrar update the register of members.

### E. Nominations for the Audit Committee

In accordance with section 359(5) of the Companies and Allied Matters Act, (Cap C20, Laws of the Federation of Nigeria, 2004), any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting. The Securities & Exchange Commission's Code of Corporate Governance for Public Companies has indicated that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. Therefore, nominations should be accompanied by a copy of the nominee's curriculum vitae.

### F. Unclaimed Dividend

Shareholders are hereby informed that a number of dividend warrants have been returned to the Registrars as "unclaimed". Any member affected by this notice is advised to contact the Registrars, Meristem Registrars Ltd at No. 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos.

The list of unclaimed dividends can be accessed via the Company's website [www.nasconplc.com](http://www.nasconplc.com) or the Registrar's website [www.meristemregistrars.com](http://www.meristemregistrars.com).

### G. Right to Ask Questions

It is the right of shareholders to ask questions not only at the Annual General Meeting but also in writing prior to the meeting. Questions should be addressed to the Company Secretary and submitted at the registered office of the Company or by email to [adedayo.samuel@dangote.com](mailto:adedayo.samuel@dangote.com) not later than one week before the Annual General Meeting.

### H. Directors' Profile

The profile of the Directors, including those for re-election, is enclosed in the Annual Report and can be accessed on the Company's website [www.nasconplc.com](http://www.nasconplc.com).

Special Notice is hereby given pursuant to Section 256 of the Companies and Allied Matters Act that Mr Knut Ulvmoen and Professor Chris Ogbechie both non-Executive Directors of the Company recently attained the age of 70 years and have indicated their willingness to continue in office.

### I. Electronic Annual Report

The electronic version of the Annual Report will be available online for viewing and download from the Company's website, at [www.nasconplc.com](http://www.nasconplc.com). Shareholders who have provided their email addresses to the Registrar will receive the electronic version of the Annual Report via email. Furthermore, shareholders who are interested in receiving the electronic version of the Annual Report should request by contacting the Registrar via their website [www.meristemregistrars.com](http://www.meristemregistrars.com) or email directly at [info@meristemregistrars.com](mailto:info@meristemregistrars.com).

### J. Live Streaming of the Meeting Proceedings

The Annual General Meeting will be streamed live from the following social media channels:

- a. Website: <https://www.nasconplc.com/investor-relations>
- b. Youtube: <https://www.youtube.com/dangotegroup>



### BY ORDER OF THE BOARD

**A. A. SAMUEL**

**Company Secretary**

**FRC/2016/NBA/00000015291**

Dated this 24th April 2020

NASCON Allied Industries

Union Marble House

1, Alfred Rewane Road

Falomo, Ikoyi,

Lagos, Nigeria.





## General Mandate Circular

In compliance with the provisions of Clause 6 of the Rules of the Nigerian Stock Exchange Governing Related Parties or Interested Persons ('the Rules'), NASCON Allied Industries Plc ("NASCON") hereby seeks the approval of Shareholders for a general mandate in respect of recurrent transactions of revenue or of a trading nature or those necessary for the day to day operations of the Company

The relevant items for consideration of the shareholders are as stated below:

- i. The transaction for which this general mandate is sought are those of a trading nature and/or those which are necessary for the day to day operations of NASCON and include but are not limited to the following:
  - a) Technical Know-How and Support Services Agreements between NASCON and its Parent Company, Dangote Industries Limited ("DIL") and/or other companies or entities within the Dangote Group;
  - b) Trademark and Quality Control Agreement between NASCON and its parent Company, DIL and/or other companies or entities within the Dangote Group;
  - c) Distribution Agreements between NASCON and its parent company, DIL and/or other companies or entities within the Dangote Group;
  - d) Production and Distribution Agreements between NASCON and its Parent Company, DIL and/or other companies or entities within the Dangote Group;
  - e) Arrangements for the provision of specialist support to NASCON by its Parent Company, DIL and/or other companies or entities within the Dangote Group;
  - f) Contract manufacturing purchase or packaging arrangements between NASCON and its parent Company, DIL and/or other companies or entities within the Dangote Group; and
  - g) Arrangements for sale and/or purchase of raw materials or finished goods, technical equipment and spare parts by or to NASCON by its parent Company, DIL and/or other companies or entities within the Dangote Group.
- ii. The class of related parties and interested persons with which NASCON will be transacting include shareholders, employees and their family members, companies or entities within the Parent Company DIL and subsidiaries of the company, etc.
- iii. The rationale for the transactions are that they are necessary for the operations of NASCON, the discharge of the legal and contractual obligations currently binding on NASCON, are of strategic importance to the continued operations of NASCON, guarantee the uninterrupted supply of goods and services necessary for the operation of NASCON as a going concern, are carried out on a transparent basis and are cost effective and performed efficiently and effectively.
- iv. The methods and procedures for the determining the transaction prices are based on Nascon's transfer pricing policy and are, where applicable, subject to the approval of the National Office for Technology Acquisition and Promotion (NOTAP).
- v. Messrs. PriceWaterHouseCoopers has provided independent financial opinion that the methods and procedures in Mascon's transfer pricing policy referred to in paragraph (iv) above are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to interests of NASCON and its minority shareholders.
- vi. NASCON shall obtain a fresh mandate from the shareholders if the methods or procedures in (iv) become inappropriate.
- vii. Any person identified as an interested person as defined under the Rules shall abstain and undertake to ensure that its associates abstain from voting on the resolution approving the transaction.
- viii. The Board of Directors be and are hereby authorized to take any steps that may be necessary for obtaining approvals, statutory, contractual or otherwise in relation to all the above and to settle all matters arising out of , and incidental thereto and sign all deeds, documents and applications that may be required on behalf of the Company and generally to do all acts and things that may be necessary, expedient or incidental thereto for the purposes of giving effect to the above mandate.

## Corporate Information

### Capital Market Information

NASCON Allied Industries Plc is listed on the main board of the Nigerian Stock Exchange (NSE)  
Each share carries one voting right

<b>NSE ticker symbol</b>	NASCON
<b>ISIN</b>	NGNASCON0005
<b>Bloomberg Code</b>	NASCON:NL
<b>Reuters Code</b>	NASCON:LG
<b>Date listed</b>	20 October, 1992
<b>Market Capitalization (31/12/19)</b>	<del>₦</del> 34,310,226,995
<b>Outstanding shares</b>	2,649,438,378
<b>Free float</b>	37.81%

### Registration Information

RC Number	11364
Date of Incorporation	30 April, 1973

### Registered office

Salt City  
Ijoko Ota, Ogun State

### Business Office

15B Ikosi Road  
Oregun, Ikeja, Lagos State

For more Information please contact:

### Corporate Communications

Anthony Chiejina  
+234 (1) 448 0815  
anthony.chiejina@dangote.com

### Investor Relations

Morayo Tukur  
+234 (0) 807 049 4389  
investors.nascon@dangote.com

### Website

www.nasconplc.com



## Directors, Officers and Professional Advisers

<b>Country of incorporation and domicile</b>	Nigeria	
<b>Nature of business and principal activities</b>	Principal activities of the Company during the year include processing of raw salt into refined, edible and grade salt. The company also produces Seasoning and Vegetable Oil	
<b>Ultimate holding company</b>	Dangote Industries Limited (incorporated in Nigeria)	
<b>Directors</b>	'Yemisi Ayeni Paul Farrer Fatima Aliko Dangote Olakunle Alake Halima Aliko Dangote Abdu Dantata Sada Ladan-Baki Chris Ogbechie Knut Ulvmoen Fatima Wali-Abdurrahman	Chairperson Managing Director Executive Director Director Director Director Director Independent Director Director Director
<b>Company Secretary</b>	Adedayo A. Samuel	
<b>Registered office</b>	Salt City Ijoko Ota Ogun State	
<b>Auditors</b>	PricewaterhouseCoopers Chartered Accountants 5B Water Corporation Road, Victoria Island, Lagos	
<b>Registrar and Transfer Office</b>	Meristem Registrars and Probate Services Limited 213, Herbert Macaulay Way Adekunle, Yaba, Lagos Tel: 01-8920491-2; 01-2809250-3 E-mail: info@meristemregistrars.com	
<b>Bankers</b>	Access Bank Plc Ecobank Limited First City Monument Bank Limited Guaranty Trust Bank Plc Jaiz Bank Limited Keystone Bank Limited United Bank for Africa Plc Union Bank of Nigeria Plc Wema Bank Plc Zenith Bank Plc	

## Board and Committee Meeting Dates & Attendance

<b>Board Meetings</b>							
<b>Members</b>	<b>25/01</b>	<b>21/03</b>	<b>26/04</b>	<b>13/06</b>	<b>29/07</b>	<b>30/10</b>	<b>29/11</b>
'Yemisi Ayeni	✓	✓	✓	✓	✓	✓	✓
Paul Farrer	✓	✓	✓	✓	✓	✓	✓
Fatima Aliko-Dangote	✓	✓	✓	✓	✓	✓	✓
Olakunle Alake	✓	✓	✓	✓	✓	✓	✓
Halima Aliko-Dangote	X	✓	✓	✓	✓	✓	✓
Abdu Dantata	✓	✓	✓	✓	✓	✓	✓
Sada Ladan-Baki	✓	✓	✓	✓	✓	✓	X
Chris Ogbechie	✓	✓	✓	✓	✓	X	✓
Knut Ulvmoen	✓	✓	✓	✓	✓	✓	✓
Fatima Wali-Abdurrahman	✓	✓	✓	✓	✓	✓	✓

<b>Finance, Risk and Audit Committee</b>						
<b>Members</b>	<b>25/01</b>	<b>15/03</b>	<b>21/03</b>	<b>24/04</b>	<b>26/7</b>	<b>29/10</b>
Chris Ogbechie	✓	✓	✓	✓	✓	X
Paul Farrer	✓	✓	✓	✓	✓	✓
Fatima Aliko-Dangote	✓	✓	✓	✓	✓	✓
Olakunle Alake	✓	✓	✓	✓	✓	✓
Halima Aliko-Dangote	✓	✓	✓	✓	✓	✓
Abdu Dantata	✓	✓	✓	✓	✓	✓
Sada Ladan-Baki	✓	✓	✓	✓	✓	✓

<b>Establishment and General Purpose Committee</b>				
<b>Members</b>	<b>24/01</b>	<b>18/04</b>	<b>25/07</b>	<b>25/10</b>
Knut Ulvmoen	✓	✓	✓	✓
Paul Farrer	✓	✓	✓	✓
Fatima Aliko-Dangote	✓	✓	✓	X
Halima Aliko-Dangote	✓	✓	✓	✓
Fatima Wali-Abdurrahman	✓	✓	✓	✓

<b>Statutory Audit Committee</b>					
<b>Members</b>	<b>29/01</b>	<b>21/03</b>	<b>26/4</b>	<b>31/07</b>	<b>04/11</b>
Okey Nwuke	✓	✓	✓	✓	✓
Umar Farouk	✓	✓	✓	✓	✓
Kudaisi Ayodele Sarat	✓	✓	✓	✓	✓
Halima Aliko-Dangote	✓	✓	X	✓	✓
Abdu Dantata	✓	✓	✓	✓	✓
Chris Ogbechie	✓	✓	✓	✓	X

### KEY

- ✓ - Present in meeting  
X - Absent from meeting





# Summary of Claimed/Unclaimed Dividends as at December 31st 2019

DIVIDEND NO	YEAR END	DECLARED DIVIDEND	CLAIMED DIVIDEND	UNCLAIMED DIVIDEND	DATE OF PAYMENT
1	2007	883,146,126.00	867,862,093.42	15,284,032.58	7/17/2008
2	2008	1,059,775,351.20	1,036,561,285.44	23,214,065.76	10/5/2009
3	2009	1,324,719,189.00	1,288,474,478.47	36,244,710.53	10/4/2010
4	2010	1,324,719,189.00	1,293,027,593.29	31,691,595.71	7/11/2011
5	2011	1,854,606,865.00	1,792,498,052.71	62,108,812.29	6/7/2012
6	2012	2,384,494,540.20	2,308,402,438.50	76,092,101.70	6/12/2013
7	2013	2,384,494,540.20	2,297,758,368.75	86,736,171.45	6/24/2014
8	2014	1,324,719,189.00	1,278,769,220.21	45,949,968.79	6/12/2015
9	2015	1,457,191,107.90	1,410,912,540.33	46,278,567.57	5/23/2016
10	2016	1,854,606,864.60	1,802,196,417.66	52,410,446.94	5/8/2017
11	2017	3,974,157,567.00	3,805,868,655.65	168,288,911.35	5/8/2018
12	2018	2,649,438,378.00	2,546,026,043.30	103,412,334.70	6/17/2019
<b>TOTAL</b>		<b>22,476,068,907.10</b>	<b>21,728,357,187.73</b>	<b>747,711,719.37</b>	

**Affix  
Current  
Passport**

(To be stamped by Bankers)

Write your name at the back of  
your passport photograph

## E-DIVIDEND MANDATE ACTIVATION FORM

### Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

Only Clearing Banks are acceptable

### The Registrar

Meristem Registrars And Probate Services Limited  
213, Herbert Macaulay Way  
Adekunle-Yaba  
Lagos State

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank account detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

### Shareholder Account Information

Surname/Company's Name First Name Other Names

Address:

City State Country

Previous Address (If address has changed)

CHN CSCS A/c No

Name of Stockbroker

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint/Company's Signatories

TICK	NAME OF COMPANY	SHARE A/C NO
	ACAP INCOME FUND	
	AFRINVEST EQUITY FUND	
	BERGER PAINTS NIG PLC	
	CEAT FIXED INCOME FUND	
	CHELLARAMS BOND	
	CITITRUST HOLDINGS PLC	
	CONOIL PLC	
	CONSOLIDATED HALLMARK INS. PLC	
	CUSTODIAN INVESTMENT PLC	
	COVENANT SALT NIGERIA LIMITED	
	EMPLOYEE ENERGY LIMITED	
	ENERGY COMPANY OF NIGERIA PLC [ENCON]	
	eTRANZACT INTERNATIONAL PLC	
	FIDSON HEALTHCARE PLC	
	FOOD CONCEPTS PLC	
	FREE RANGE FARMS PLC	
	FTN COCOA PROCESSORS PLC	
	GEO-FLUIDS PLC	
	INTERNATIONAL ENERGY INSURANCE PLC	
	JUBILEE LIFE MORTGAGE BANK LTD	
	MAMA CASS RESTAURANTS LIMITED	
	MCN DIOCESE OF REMO	
	MCN LAGOS CENTRAL	
	MCN TAILORING FACTORY [NIGERIA] LIMITED	
	MULTI-TREX INTEGRATED FOODS PLC	
	MUTUAL BENEFITS ASSURANCE PLC	
	NASSARAWA STATE GOVT BOND	
	NASCON ALLIED INDUSTRIES PLC	
	NEIMETH INT'L PHARMS PLC	
	NEWREST ASL NIGERIA PLC	
	NIGER INSURANCE PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY [NMRC] PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY PLC [NMRC] BOND	
	ONWARD PAPER MILLS PLC	
	PACAM BALANCED FUND	
	PAINTS & COATINGS MANUFACTURERS NIG PLC	
	PROPERTYGATE DEVT. & INVEST. PLC	
	R.T. BRISCOE NIGERIA PLC	
	REGENCY ALLIANCE INSURANCE PLC	
	SMART PRODUCTS NIGERIA PLC	
	SOVEREIGN TRUST INSURANCE PLC	
	TANTALIZERS PLC	
	THOMAS WYATT PLC	
	VITAFOAM NIGERIA PLC	
	ZENITH EQUITY FUND	
	ZENITH ETHICAL FUND	
	ZENITH INCOME FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-2809250-4



Meristem Registrars And Probate Services Limited

Web: [www.meristemregistrars.com](http://www.meristemregistrars.com); email: [info@meristemregistrars.com](mailto:info@meristemregistrars.com)



The Registrar  
Meristem Registrars Limited  
213, Herbert Macaulay Way  
Adekunle, Yaba, Lagos



NASCON Allied Industries Plc Rc: 11364

Proxy Form

The 2019 Annual General Meeting to be held at the Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, on Monday 27th July 2020 at 1 pm  
I/WE ..... being a Shareholder of NASCON  
of .....  
Allied Industries Plc hereby appoint Mrs. Yemisi Ayeni or failing her, Mr Paul Farrer or failing him, Professor Chris Ogbechie or failing him, Sir Sunny Nwosu or failing him, Mrs. Bisi Bakare or failing her, Mr. Adeolu Akinsanya or failing him, Mr. Nonah Awo as my/our Proxy to act and vote for me/us on my/our behalf at the 2019 Annual General Meeting to be held on, Monday 27th July 2020 at 1 pm and at any adjournment thereof.

DATED THIS .....DAY OF .....2020 SHAREHOLDER’S SIGNATURE .....

	NO	ORDINARY BUSINESS	FOR	AGAINST	
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not required)	1	To receive the audited Financial Statements for the year ended 31st December, 2019, the Reports of Directors, Auditors, and the Audit Committee thereon;			
	2	To declare a dividend			
	3	To re-elect the following retiring Directors: • Halima Aliko Dangote • Mr. Knut Ulvmoen • Alhaji Abdu Dantata			
	4	To re appoint the Company’s Auditors			
	5	To authorize the Directors to fix the remuneration of the Auditors			
	6	To elect the members of the Audit Committee			
	SPECIAL BUSINESS				
	7	To approve the remuneration of all the non-executive Directors for the year ending December 31, 2020.			
	8	To approve the general mandate circular in respect of all recurrent transactions with related party or interested person which are of a revenue and trading nature or are necessary for the Companies operations including but not limited to the procurement of goods and services on normal commercial transactions terms as contained in the 2019 Annual Report.			
	Please indicate with an “X” in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion				

- Note:**
- A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
  - In view of the current Covid-19 pandemic, the directives to minimize social contacts by restricting the number of persons at public gatherings and in accordance with the Corporate Affairs Commission’s approval and Guidelines on Holding of Annual General Meetings (AGM) of Public Companies by taking advantage of Section 230 of the Companies and Allied Matters Act (CAMA) using Proxies, all members are hereby advised that attendance for the meeting shall be by PROXY.
  - Shareholders are therefore advised to kindly appoint proxies to represent them at the meeting, as the Company is bound by the directives on the maximum number of people permitted in a social/public gathering.
  - A proxy form is enclosed in the Annual Report and can be assessed on the Company’s website [www.nasconplc.com](http://www.nasconplc.com). For the instrument of proxy to be valid, it must be completed and duly stamped for the purposes of this meeting. The Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, Meristem Registrars Ltd at No. 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos. or by email [info@meristemregistrars.com](mailto:info@meristemregistrars.com), not less than 48 hours before the time fixed for the meeting.

ADMISSION CARD

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

NAME AND ADDRESS	NUMBER OF SHARES HELD:	NUMBER OF SHAREHOLDER(S)
------------------	------------------------	--------------------------

Please admit ..... to the Annual General Meeting of NASCON Allied Industries Plc to be held at Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, on Monday, July 27th, 2020 at 1:00 p.m.  
Signature of person attending: .....

- This admission card should be produced by the shareholder or his/her proxy in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or his Nominee on the day of the Annual General Meeting.

Please be advised that to enable a Proxy gain entrance to the meeting, the Proxy Form is to be duly completed and delivered to the Company Secretary not later than 48 hours before the time fixed for the meeting.





The Registrar  
Meristem Registrars Limited  
213, Herbert Macaulay Way  
Adekunle, Yaba, Lagos



## NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## NOTES

[illegible]

## NOTES

[illegible]





**NASCON Allied Industries PLC**

[www.nasconplc.com](http://www.nasconplc.com)