NASCON

RC 11364

Growing Value to Expand Capabilities

2017 Annual Report

Nascon Allied Industries PLC

Growing value to expand capabilities

We grew value to expand capabilities across the value chain driven through our highly motivated workforce, flexible pricing strategy and optimal distribution in our business areas.

We delivered premium value by improving our product quality, route-to-market efficiency and enhanced customer engagement.

CONTENT

Our Vision, Mission and 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.

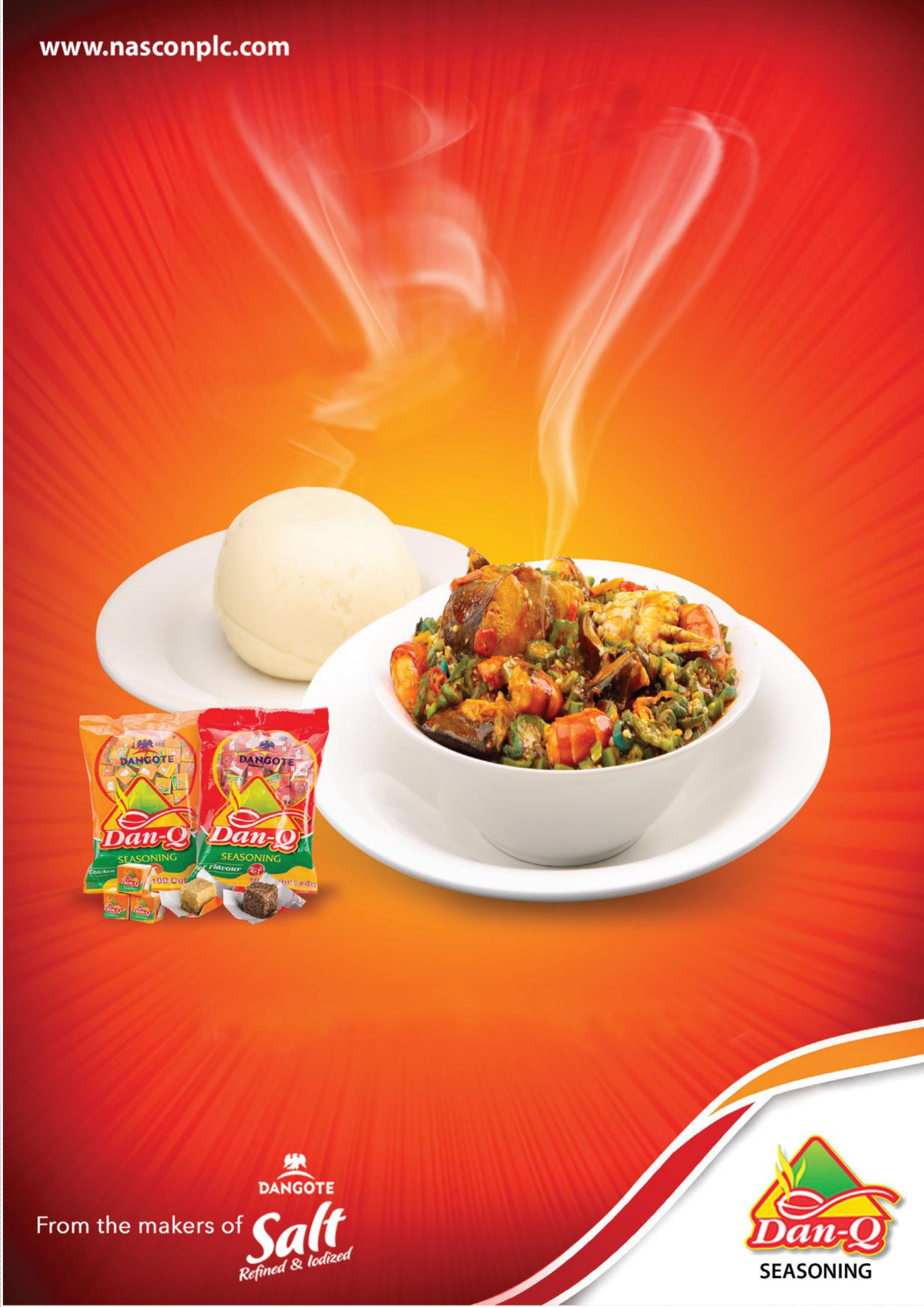
Entrepreneurship
We continuously seek and develop new businesses, and employ innovative ideas to retain our market leadership.

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.

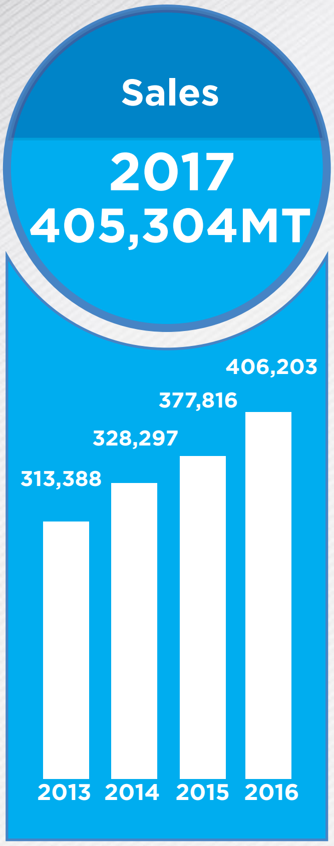
Leadership
We thrive on being leaders in our business, markets and communities. To drive this, we focus on continuous improvement, partnership and professionalism.

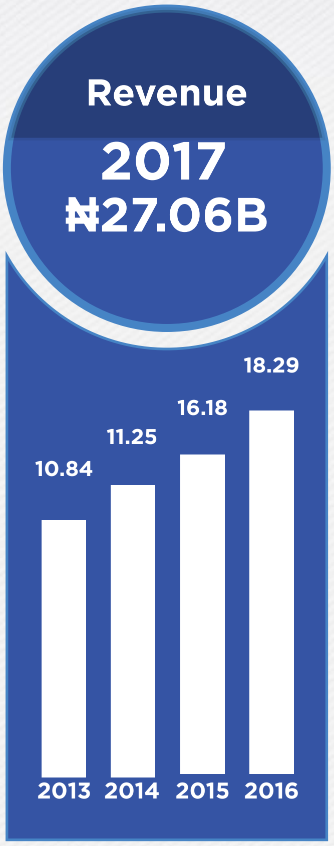
DANGOTE

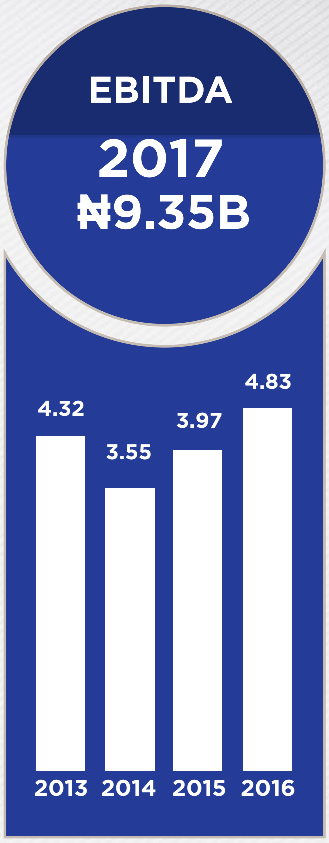
NASCON Allied Industries Plc is a member of the Dangote Group of companies

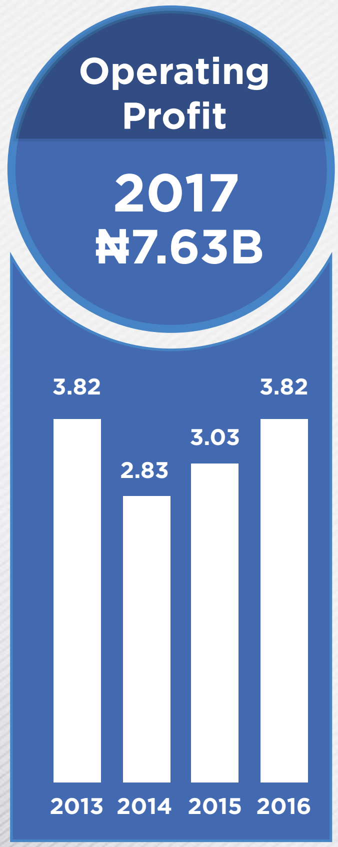

www.nasconplc.com
DANGOTE
Dan-Q
SEASONING
DANGOTE
From the makers of Salt
Refined & Iodized
Dan-Q
SEASONING

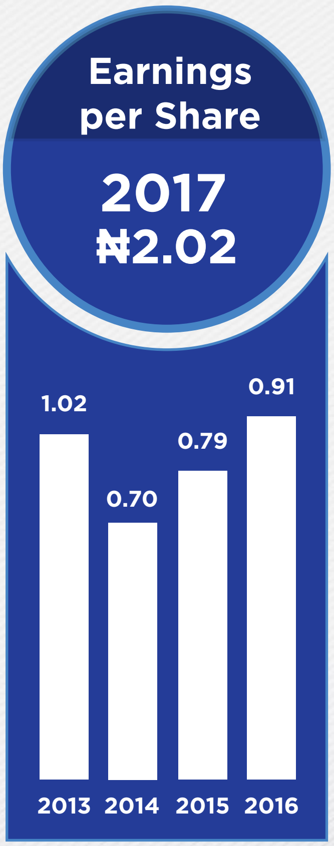
2017 At a Glance

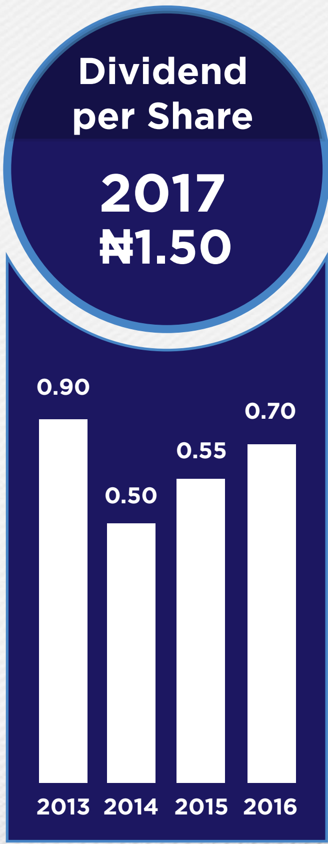













START NOW!
Dan-Q
SEASONING
DANGOTE
Salt
Refined & Iodized

Chairperson's Statement

"We were able to satisfy the demands of our existing customers, increase our market share, and strengthen our market leadership position"

Chairperson's Statement

"We remain committed to executing our sustainable growth strategy, to deepen consumer trust and to grow shareholder confidence"

Dear Shareholders,
On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Accounts of NASCON Allied Industries Plc for the financial year ended 31st December 2017, at this Annual General Meeting.

Permit me to start by extending my appreciation to the Board of Directors, management, staff, shareholders and other important NASCON stakeholders for their dedication, unwavering commitment, and hard work which resulted in the significant business achievements we achieved in 2017 as we pursued the execution of the aligned strategic goals.

In 2017, the recession started showing signs of abating, largely aided by improved global oil prices and increased oil production volumes. The oil sector grew by 25%, foreign investment increased compared to the 2016 average and the manufacturing sector witnessed sustained expansion for the last nine months of the year. These trends had a positive impact on consumer spending and manufacturing activities.

We leveraged on our core competencies, operated flexible pricing for our products, expanded our fleet operations, focused on reducing fleet turn-around time, while deploying compelling brand communications to grow value. This multi-pronged management approach enabled us to advance our overall business interests.

Through intense focus and operational discipline, we delivered unprecedented returns in our salt segment and also increased sales in the highly competitive seasoning market. For the financial year ended 31st December 2017, we recorded an impressive turnover of ₦27.06bn, representing a 48% improvement on ₦18.29bn in the previous year. Profit after tax increased by 121% from ₦2.42bn in 2016 to ₦5.34bn, and Earnings Per Share grew by 122% from ₦0.91 to ₦2.02. In addition, we maintained our financial stability with ₦9.4bn in cash reserves.

Furthermore, the Board has recommended for your kind consideration and approval at this AGM, the payment of a dividend of ₦1.50 per 50k share, totaling ₦3.97bn and representing a payout ratio of 74%. This is a significant improvement from 2016 when we paid a dividend of ₦0.70 per 50k share, totaling ₦1.85bn and translating to a dividend payout ratio of 77%.

Unfortunately, the drawbacks we've been experiencing in the Tomato Paste and Vegetable Oil categories over the last two years continued. The required raw materials, triple concentrate Tomato Paste and Crude Palm Oil, remained on the restricted list, and our efforts to source the required materials locally were futile.

Going forward, we are optimistic about the year ahead, as we remain strongly committed to executing our sustainable growth strategy, thereby growing consumer trust and shareholder confidence.

Lastly, I would like to thank everyone for their tremendous efforts, passion and resilience in delivering a strong set of results. I have absolute confidence that the Board and the Management team will continue to work in tandem to surpass this year's performance. Please kindly accept the assurances of my highest regards.

'Yemisi Ayeni
Chairperson


DANGOTE
Salt
Refined & Iodized
This is the only thing
everyone should do daily
Enjoy the goodness of
the homecooked meals at work

Operations

Company Overview

NASCON Allied Industries Plc is Nigeria's leading refiner and distributor of household, food processing and industrial salt with installed production capacity of 567,000 metric tonnes per annum. We have recently expanded our product lines to include Tomato Paste, Vegetable Oil and Seasoning in a bid to transform to a FMCG company, ensuring that our products become staples in the homes of millions of Nigerians.

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 plant was commissioned with an initial installed capacity of 110,000 metric tonnes.

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. Total production capacity increased to 567,000 metric tons per annum, with the inclusion of three refineries.

Our Plants

The Apapa refinery, located in the Apapa Port of Lagos, was commissioned in 2001 manufacturing 275,000 metric tonnes per annum. The Port Harcourt refinery located in the sea port in Rivers State was commissioned in 2003 with an installed capacity of 210,000 metric tonnes per annum. The Oregun plant was commissioned in 2004 with an installed capacity to refine 82,000 metric tonnes of salt per annum. 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 the Seasoning plant in 2014 with an installed capacity of 3,744 metric tonnes per annum. The Tomato Paste packaging plant, which is designed to produce and package Tomato Paste from tomato concentrate was commissioned in 2015 with an installed capacity of 37,440 metric tonnes. The Vegetable Oil refinery was commissioned in 2015 and can produce 156,000 metric tonnes of refined vegetable oil from crude palm oil.

Our Products

Dangote Salt

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.

Dan-Q Seasoning

Our Seasoning is presently available in chicken and beef flavour variants with plans to expand our flavour offerings in line with consumer needs and the demand for flavour variation

Dangote Tomato Paste

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.

Dangote Vegetable Oil

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 in of 2015.

Installed Capacity

567,000MT

Apapa 275,000MT
P/Harcourt 210,000MT
Oregun 82,000MT

3,744MT

Ota

37,440MT

Ota

156,000MT

Ota

Managing Director's Review

"We executed strategic initiatives which had a positive impact on profitability and business sustainability"

Significant increase in Shareholder Value and Company Profitability

The economy started showing signs of recovery from the 2016 recession by the second quarter of 2017. This recovery was made possible by higher global oil prices, improved production levels in the oil sector, increased foreign exchange reserves, and relatively stable inflation. We are confident that our brand offerings are structured to capitalize on growth opportunities as the economy improves.

NASCON's strong results are exemplified with another consecutive year of improved turnover, profits and shareholder returns. Our volume for the year ended 31st December 2017 was 405,304MT with an increase in Revenue of 48%, PBT by 125% and grew our EPS by 122%.

In 2017 we executed strategic initiatives which had a positive impact on profitability & business sustainability.

People are the key to our success, and we have been working hard to activate the enormous potential that comes from a workforce empowered to give their best. In 2017 over 300 employees were trained, equipping them with skills to develop their abilities and to improve their productivity. Employee welfare ranks high on our priorities, and we have put in place a system which monitors and rewards excellence, hard work and dedication.

Health and safety standards were at the center of our welfare strategy in 2017. We implemented 15 safety golden rules as a guiding star in our day to day operational activities. The core aim was to create an organizational framework to optimize safety standards. Over 5,000 health and safety activities were conducted in line with internal and international best practices. We implemented a number of quality control initiatives to enhance our product quality in both our salt and seasoning businesses.

The team pursued aggressive and sustained marketing of our refined salt and seasoning brands, gaining significant increase in our in-home penetration, and ensuring availability of our refined salt on table tops in markets across the country. Trade promotions and incentives on achievement of set targets were part of our tactical initiatives to our distributors, this was supported with television and radio commercials that resonated with our consumers to increase top of mind awareness.

We implemented a new customer service strategy to enhance our customer relationship management. We strengthened the customer service team and improved

Managing Director's Review

"We will remain strongly focused on growth, and would be leveraging on a range of opportunities within the business to build scale"

customer interactions.

At NASCON we maintain a value chain pricing model that recommends the prices of our retail packs, whilst ensuring our products are available in convenience stores across the country.

We expanded our fleet operations with the addition of 98 new trucks which ensured that we were able to deliver our products to our customers in the most reliable, efficient and effective manner, whilst reducing our reliance on third-party truck operators.

Production reported an impressive performance in the year under review, delivering a combined production efficiency of 80% (2016: 76%) These results are attributable to year long improvements across our operations with particular strong efficiency performances recorded by the Seasoning Plant in Ota 96% (2016: 70%)

Business outlook

At NASCON we will remain strongly focused on growth, and would be leveraging on a range of opportunities within the business to build scale across our brands. We intend to deliver on our promises made to all stakeholders.

We will continue to leverage synergies and enhance efficiencies across the business operations to curtail costs. Product innovation and improvement in our seasoning business aimed at delivering savory taste experiences will remain a priority.

Our impressive achievement reported for 2017 is demonstration of the commitment of a team comprising of each member of the NASCON ALLIED INDUSTRIES family. I would like to thank everyone for their commitment to achieving our strategic vision for the company.

I want to specifically thank our distributors, consumers, suppliers, team members, and strategic stakeholders, for contributing to our success story. We look forward to continuing these mutually beneficial relationships in the years ahead

Paul Farrer
Managing Director

Chief Financial Officer's Review

"Total revenue in 2017 increased by 48% to ₦27.06bn from ₦18.29bn in 2016 with 2017 Salt revenue increasing by 50% to ₦22.25bn from ₦14.82bn in 2016"

Summary of Financial Performance

Financial Highlights	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Total Revenue	27,064,325	18,291,792
Gross Profit	9,994,015	5,917,694
GP Margin (%)	36.9%	32.4%
EBITDA*	9,354,478	4,833,013
EBITDA Margin (%)	34.6%	26.4%
Operating Profit	7,626,856	3,818,674
Profit Before Tax	7,909,488	3,516,331
PBT Margin (%)	29.2%	19.2%
Net Profit	5,343,592	2,415,183
Earnings per share (₦)	2.02	0.91
Net Cash & Cash Equivalents	9,438,170	2,453,499
Total Assets	30,123,247	24,603,267

*Earnings before interest, taxes, depreciation and amortisation

"The profit before tax was ₦7.91bn, compared to ₦3.52bn in 2016, which represents a 125% increase"

	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Salt	22,247,384	14,823,697
Seasoning	765,296	544,458
Tomato Paste	-	8,342
Vegetable Oil	192,904	479,375
Freight	3,858,741	2,435,920
Total Revenue	**27,064,325**	**18,291,792**

Chief Financial Officer's Review

2017 was a rebound year for the Nigerian economy and the positive macro-economic trends resulted in a robust year for NASCON. We increased total revenue by 48% to ₦27.06bn {2016: ₦18.29bn}. Salt revenue increased by 50% to ₦22.25bn {2016: ₦14.82bn} driven primarily by price increases per bag in Q1. Seasoning revenue increased by 41% to ₦0.77bn {2016: ₦0.54bn} and Freight revenue increased by 58% to ₦3.86bn {2016: ₦2.44bn}. Vegetable Oil revenue declined by 60% to ₦0.19bn {2016: ₦0.48bn} and Tomato Paste had no revenue compared to ₦0.01bn in 2016.

Volume by Product	31-Dec-17 Tonnes	31-Dec-16 Tonnes
Salt	403,432	403,505
Seasoning	1,404	1,347
Tomato Paste	-	34
Vegetable Oil	468	1,317
Total Volume	**405,304**	**406,203**

Despite the increase in revenue, salt volume stayed flat in 2017 at 403,432MT compared to 403,505MT in 2016. Seasoning volume increased by 4% in 2017 to 1,404MT compared to 1,347MT in 2017 driven by focusing our marketing attention on brand differentiation and strategic market activations and penetration

Unfortunately, the 2015 CBN FX policy continued to stall the importation of the necessary raw materials for both Tomato Paste and Vegetable Oil. Despite the challenges, in 2017, we were able to sell 468MT of Vegetable Oil remaining in our tanks while we continue to focus our efforts on sourcing both raw materials locally.

Profitability	31-Dec-17 ₦'000	31-Dec-16 ₦'000
EBITDA	9,354,478	4,833,013
Depreciation and amortization	(1,727,622)	(1,014,339)
Operating Profit	**7,626,856**	**3,818,674**

Profitability by Product	31-Dec-17 ₦'000	31-Dec-16 ₦'000
EBITDA	9,354,478	4,833,013
Depreciation and amortization	(1,727,622)	(1,014,339)
Operating Profit	7,626,856	3,818,674
EBITDA	9,354,478	4,833,013
Depreciation and amortization	(1,727,622)	(1,014,339)
Operating Profit	**7,626,856**	**3,818,674**

Operating profit in 2017 was ₦7.63bn, an increase of 100% over ₦3.82bn in 2016. Due to improved efficiencies, operating margin increased to 28% in 2017 compared to 21% in 2016. Salt contributed ₦8.23bn {2016: ₦4.56bn} to the total operating profit, Seasoning contributed ₦0.10bn {2016: ₦0.07bn} while Freight generated a loss of (₦0.52bn) {2016: (₦0.53bn)}. Tomato Paste (₦0.03bn) {2016: (₦0.05bn)} and Vegetable Oil (₦0.24bn) {2016: (₦0.14bn)} both made losses due to lack of raw materials for production

Cost of Sales	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Direct material cost	10,148,410	7,231,144
Direct labour cost	886,686	822,450
External haulage	3,285,123	2,535,489
Depreciation	1,471,697	767,389
Loading	107,438	108,048
Manufacturing expenses	1,170,956	909,578
Total Cost of Sales	**17,070,310**	**12,374,098**

Chief Financial Officer's Review

Combined production efficiency 80% {2016: 76%}. Salt efficiency in all 3 plants increased to 79% {2016: 76%} and Seasoning efficiency increased to 96% {2016: 70%}.

2017 Cost of Sales increased by 38% to ₦17.07bn {2016: ₦12.38bn}. The major drivers were direct materials, depreciation and external haulage. Direct materials increased by 40% due to increase in the cost of raw materials and various packaging materials while depreciation increased by 92% due to improvements in our machinery and new trucks acquired in the year. External haulage increase of 30% was due to additional hiring of third party transporters to mitigate the infrastructure challenges in Nigeria and ensure timely delivery of all our products.

Gross profit increased by 69% to ₦9.99bn {2016: ₦5.92bn} and gross profit margin increased to 37% compared to 32% in 2016.

"Gross profit margin increased to 37%; EBITDA margin increased to 34.6% and PBT margin increased to 29.2%"

Administrative and Distribution Expenses	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Distribution Expenses	604,718	638,189
Administrative Expenses	1,773,737	1,479,315
Operating Costs	**2,378,455**	**2,117,504**

Distribution costs decreased by 5% due to branding and distribution spend being pegged in relation to volume achievement, while Administrative expenses increased by 20%.

Finance Income	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Bank deposits	671	340
Fixed deposits	354,074	54,988
Finance Income	**354,745**	**55,328**

Finance Cost	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Interest on borrowings	72,113	357,671
Finance Cost	**72,113**	**357,671**

Finance income increased by 541% in 2017 as surplus funds were invested in the year. Finance costs in 2017 was ₦0.07bn {2016: ₦0.36bn}. These are related to specific borrowings for capital projects. The average effective interest during the year was 15%.

The profit before tax was ₦7.91bn, compared to ₦3.52bn in 2016, which represents a 125% increase

Taxation	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Income Tax Expense	2,565,896	1,101,148
Total Tax (Charge)/Credit	**2,565,896**	**1,101,148**

Tax expense for the year increased by 133% to ₦2.57bn, including a deferred tax expense of ₦0.57bn. The effective tax rate was 32%.

The profit for the year was ₦5.34bn, a 121% increase over ₦2.42bn in 2016. This resulted in a 122% increase in earnings per share in 2017 of ₦2.02 compared to ₦0.91 in 2016.

Chief Financial Officer's Review

Financial Position	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Property, plant and equipment	9,419,203	6,346,688
Intangible assets	-	47,374
Other non-current assets	1,838	5,513
Current assets	11,225,466	15,711,623
Cash and bank	9,476,740	2,492,069
Total assets	**30,123,247**	**24,603,267**

	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Non-current liabilities	1,934,135	1,393,517
Current liabilities	16,615,330	15,124,953
Debt	38,570	38,570
Total liabilities	**18,588,035**	**16,557,040**

	31-Dec-17 ₦'000	31-Dec-16 ₦'000
Share capital	1,324,719	1,324,719
Share premium	434,037	434,037
Retained earnings	9,776,456	6,287,471
Total equity	**11,535,212**	**8,046,227**

There was a 22% increase in total assets of ₦30.12bn {2016: ₦24.60bn}. Main driver was Cash at the bank which increased by 280% over 2016 due to increased revenue. Total liabilities increased by 12% to ₦18.59bn {2016: ₦16.56bn} mainly due to trade and other payables.

Net Cash & Cash Equivalents in 2017 was ₦9.44bn, a 285% increase of last year {2016: ₦2.45bn}. Capital expenditure increased by 799% to ₦4.82bn {2016: ₦0.54bn} as we purchased new trucks to ensure fast and efficient delivery of our products. Cash flow from operations increased by 518% in 2017 to ₦13.84bn {2016: ₦2.24bn}.

Recommended dividend

On Monday 5th March, 2018, the Directors proposed a dividend of ₦1.50 per share {2016: ₦0.70} to be paid to shareholders on Tuesday 8th May, 2018. The dividend represents a payout ratio of 74%. The proposed dividend is subject to the approval of shareholders at the Annual General Meeting on Thursday, 3rd May, 2018. If approved, the total amount payable will be ₦3.97bn {2016: ₦1.85bn}. The dividend will be payable to all shareholders whose names appear in the company's Registrar of Members at close of business on Thursday 19th of April, 2018.

Financial Position

In compliance with the Regulatory requirement in Nigeria, the Consolidated and Separate Statement of Financial Position as at 31st December, 2017 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 preparations 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.

Aderemi Saka

Aderemi Saka
Chief Financial Officer

Management Team

Adewale Akinwale | Olushola Shosanya | Tunde Iwamofe | Patrick Mogaha

Shalom Okonmah | Jude Amaechi | Fatima Aliko-Dangote

Olusegun Ajala Rabi Adamu Rabiu Mohammed Nura Shuaibu Gerhard Scheepers

Paul Farrer Aderemi Saka Adedayo Samuel

Management Team

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 21 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.

Fatima Aliko-Dangote | Executive Director, Commercial

Fatima 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.

Aderemi Saka | Chief Financial Officer

Aderemi has a Bachelor's Degree in Accounting and a Masters in Business Administration (International Business) from Georgia State University, USA. She has 19 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 experience in financial analysis, planning, budgeting, forecasting, operational and financial risk management, regulatory controls, internal auditing, financial strategy and modeling, and program management.

Gerhard Scheepers | Head, Operations

Gerhard has decades of experience across sales, sales force management, production management, operational financial management and driving operational efficiency for growth.

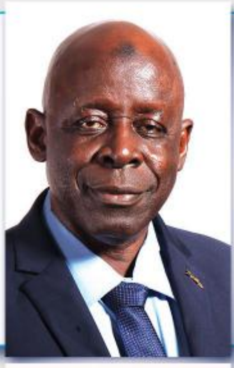
He began his career in factory operations for Bidbake South Africa rising to become the Managing Director and later Group Operations Director. His immediate past leadership roles include Group Operations Director for Trimark Industries and Director of Operations at Orbiline Pty SA.

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.

Management Team



Rabiu Mohammed | Head, Fleet & Logistics

Rabiu has 30-year experience spanning production, plant, fleet, transport, logistics and warehouse management. He began his career with Nigerian Bottling Company where he rose to Plant manager, working across the Northern states and Onitsha.

He Joined the Dangote Group in 1996 as Head of transport for the Flour business and has held various positions of increasing responsibility and complexity across Dangote Cement before being deployed as the Head of Fleet and Logistics for NASCON.

Olusegun Ajala | Acting Head, Marketing

Olusegun is a marketing professional with over 12 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.

Rabi Adamu | Acting Head, Human Resources and Administration

Rabi is a seasoned practitioner with 20 years of practical HR Management work experience within the Dangote Group.

She started her career with Dangote Group in 1998 as an Executive Officer. She graduated from Bayero University, Kano and holds a Post Graduate Diploma in Management from FUTO. She also has an MBA in Human Resources from Lagos State University.

She is also a member of Nigerian Institute of Management and an Associate Member of the Chartered Institute of Personnel Management.

Shalom Okonmah | Acting Head, Procurement

Shalom has 20 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.

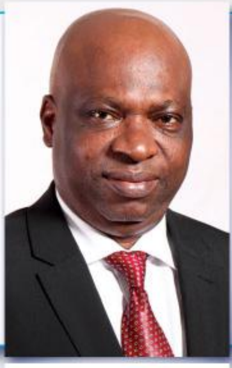
She started her career with Dangote Group as an Executive Officer in 1997 before moving to Dangote Agrosacks Limited, where she rose to the position of Head Treasury, Procurement and Clearing.

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

Nura Shuaibu | Head, Projects

Nura is a Mechanical Engineer with a degree from Ahmadu Bello University, Zaria. Prior to joining NASCON, he worked with the Ministry of Works and Housing, Kano as trainee Engineer and Gaskiya Textile Mills as Assistant Mechanical Engineer.

He joined the Company in 1997 as a pioneer staff and has worked in various functions with increasing responsibility including maintenance manager, plant manager and project manager.



Patrick Mogaha | Head, Internal Audit
Patrick began his audit career as a Financial Auditor with First Bank of Nigeria PLC and has over 19 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.

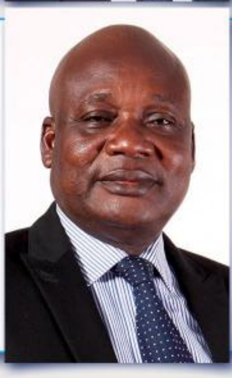
Adewale Akinwale | Head, Risk Management
Adewale joined NASCON as Head, Risk Management from his former role as Head, Enterprise Risk Management at the Nigerian Aviation Handling Company PLC. He has cognate experiences in the fields of Risk Management, HSE, Strategy, Logistics and Business Continuity Management. His previous work experiences include functional roles in Strategy consulting, Logistics and Business Continuity Management from Messrs S.I.A.O Professional Services, Barratts Priceless U.K. and IKEA Tottenham U.K.

He has a Bachelor's degree in Business Management from University of Sunderland, UK, he is an Associate Business Continuity Professional of the Disaster Recovery Institute, USA and an Affiliate Member of the Institute of Risk Management, UK.

Jude Amaechi | Head, Health Safety and Environment
Jude joined NASCON in 2017 with over 12 years of valuable experience. Prior to NASCON, he was a HSE Coordinator at Ponticelli Nigeria Limited.

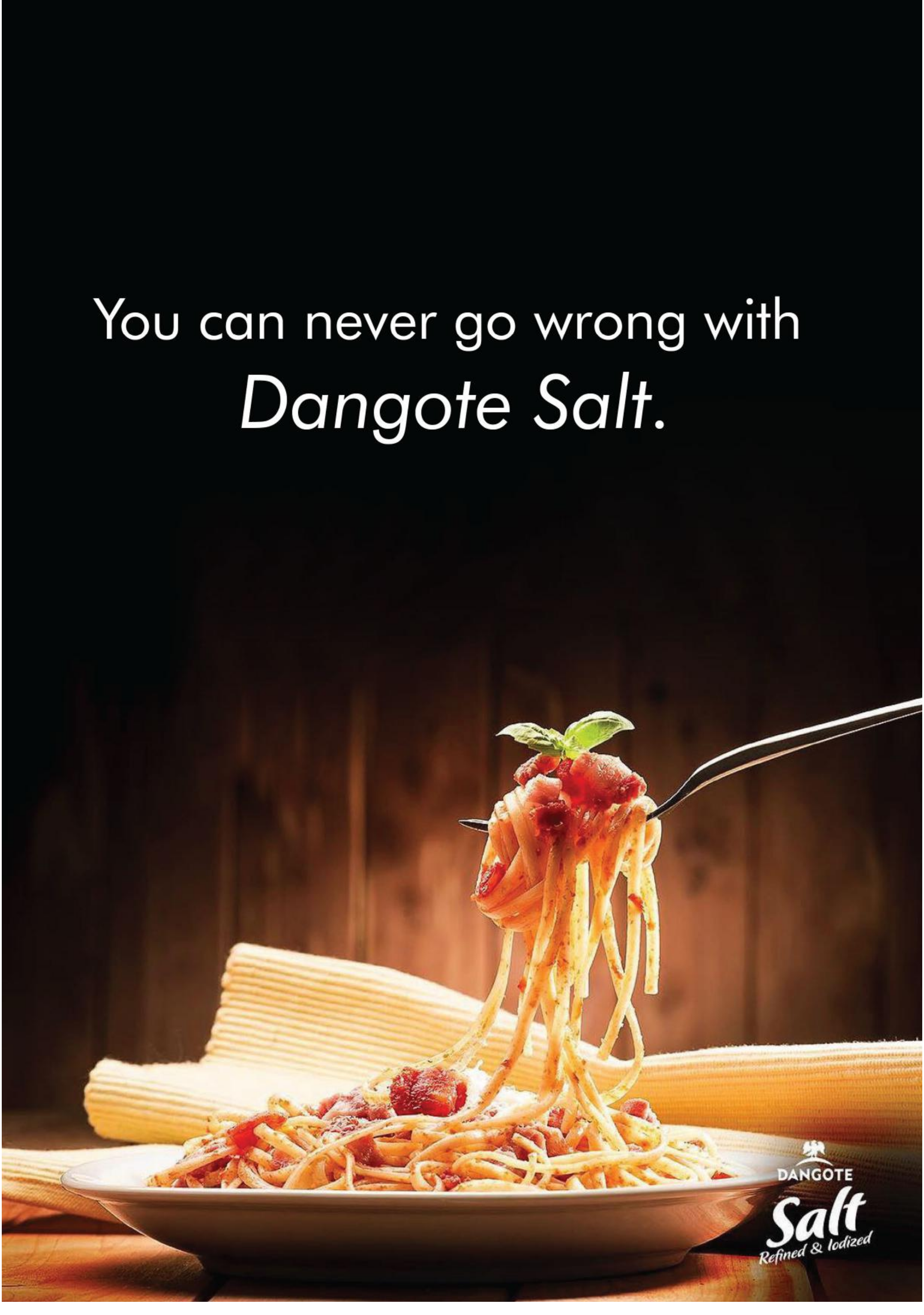
He has a Bachelor's degree in Soil Science and Technology and a Master's degree in Soil Survey and Land Use Planning from Federal University of Technology, Owerri. He is a certified HSE professional from National Examination Board of Occupational Safety and Health UK, Occupational Safety and Health Academy 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.

Tunde Iwamofe | Financial Controller
Tunde has over 10 years of experience in financial reporting, analysis, planning, budgeting, forecasting, internal audit, tax planning and computation. Prior to joining NASCON in 2008, He was the Account Manager for Somotex Nigeria Limited a member of the Mohinani Group of Companies. He is an Associate of the Institute of Chartered Accountants of Nigeria and a Certified Change Manager.



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.


You can never go wrong with
Dangote Salt.
DANGOTE
Salt
Refined & Iodized

Human Resources

"People are the key to our success, and we work hard to harness the enormous potential that comes from an empowered workforce"

Human Resource Management and Development
People remain the most valuable asset in NASCON's constant aim to achieve its mission. The Human Resource Department (HRD) focuses on people development in its efforts to develop a dynamic and robust organization. It constantly reviews and refines its processes and policies for optimum performance.

This year, we initiated strategies for the purpose of linking, comparing and closing identified performance gaps in HR systems within the company's plans. The core HR network along with other organization development initiatives focused on:

- Reviewing departmental structures and policies
- Reviewing Standard Operating Procedures (SOPs)
- Updating the employee handbook
- Evaluating manpower requirements and recruitment

As at 31st December 2017, NASCON's' head count was 547, including 40 managements, 170 senior and 337 junior full time employees. The outsourced count is over 600 depending on the needs of the company.

A total of 96 employees were recruited during the year after going through a process of ensuring that the caliber of staff are engaged towards boosting our staff strength and increasing productivity. We at NASCON, offer equal opportunity of employment. The recruitment of additional management staff aimed to improve decision-making in the organization and enhance the quality of our work.

Career Development and Succession Plan.
We at NASCON believe in the continuous learning and development of our workforce. This we do by developing their skills, knowledge and attitude. In line with the departmental objectives, we have commenced on a series of initiatives and plans aimed at developing the workforce to ensure continuity, better performance and efficiency. Initiatives such are:

- Identification, documentation and continuous addressing of skills gaps in the organization.
- Plan developmental programs to bridge the skill gaps identified.
- Updated job profiles and KPIs for all job functions
- Identified successors for key roles within the business for subsequent schedule for addressing the competency needs.
- Mapped out a framework for implementing the succession.
- Established a policy for prioritizing internal vacancies for any vacant position.

Additionally, in order to motivate, reward, retain and encourage internal growth within the company, we have converted some part-time staff to full-time employees. Some employees were also upgraded/promoted to higher levels of responsibilities to foster job enrichment and rotation policy of our company.

Training and Employee Development
During the year, employees

Human Resources

were trained both in the plant and externally via the Dangote Academy. The in-house training targeted all operational staff. There were special trainings conducted for operators in the various production plants. The objective was to impart customized skills, based on identified skill gaps required to ensure total understanding of function, procedures, process and the need to carry out task rightly at the first instance. The expected outcome being improved quality of work, minimal waste and reduced downtime.

Employees of different cadre across all the departments were exposed to different training courses mostly from our Dangote Academy. These courses include:

- Mandatory professional Education(MCPE) organized jointly by the professional bodies and the academy with the aim of improving professional skills.
- Leadership and Supervisory development aimed at improving the supervisory and leadership function
- Sales and Marketing courses
- Health and Safety
- Customer service
- Finance and Accounting
- Human Resources and Admin.

Both the in-house and Dangote Academy training were aimed at employee development via nurturing their personal creativity to equipping them with knowledge and skills required to perform better. The middle management and People Development courses aimed at encouraging strategic thinking and developing managerial skills.

A total of 583 training courses were attended via the Dangote academy, over 300 employees were trained in- house in line with the in plant development training strategy, this excludes the 197 truck drivers from our fleet unit who underwent series of organized training ranging from defensive driving, road rage, accident prevention and others. These courses have helped in no small means to reduce the rate of accident caused by negligence of drivers on the highway.

Staff Remuneration

NASCON's salary policy is to award remuneration packages that are competitive within the business sector. This ensures ability to attract, motivate and retain quality employees.

Staff are appraised yearly during the annual appraisal exercise. Salary increases and performance bonuses were awarded during the year as an outcome of the 2016 appraisal process. Ability and contributions were the basis of the decisions taken.

Long Service Awards

NASCON values and recognizes the contribution, loyalty and dedication of our staff that have been with us for several years. To appreciate their efforts, the Long Service awards for such dedicated and loyal employees is in process and will be implemented during the year.

Employee Welfare

We believe that healthy staff makes a healthy organization. In line with this, during the year, 3 HMO providers were engaged as against 1 in the previous year. This allowed for more choice of hospitals and services in favor of our employees.

Additionally, series of health and HSE talks were effected by our in-house clinic to improve on health awareness.

Management introduced the "Free Meal" programme to support the operation staff; this is in a bid to improve their nutritional health status and the productivity output.

The canteen facilities were upgraded for better aesthetics and services. More storage facilities were provided for the employees' cloakroom.

The Future of our people.

We foresee a future where NASCON and its people work in a conducive and dynamic environment that ensures continuous learning, upgrading of skills and processes to improve organization efficiency. An environment where people work together in the overall interest of the organization.

Rabi Adamu
Acting, Head Human Resources and Administration

Risk Management

"Our goal at NASCON is to achieve corporate excellence through risk management"

NASCON's Risk Management process has fully developed into an integral part of the organization's business culture and dynamics in the year under review.

Following the successful approval and implementation of a comprehensive and uniquely tailored Enterprise Risk Management Framework by the Board of Directors in the previous year; the risk management process now effectively guides the strategic execution of business objectives methodically to avoid or transfer adverse risk factors and explore positive risk factors for increased profitability.

Our Enterprise Risk Framework augments the organization's strategic intention to continuously excel by generating improved profitability and protecting shareholder's value sustainably despite the harsh economic realities of the Nigerian business environment.

Our approach to Risk Management

Our approach to risk management at NASCON follows the globally accepted ISO 31000 standard with necessary adjustments to suit the uniqueness of our business environment. Risk is defined under the ISO 31000:2009 standards as the "effect of uncertainty on objectives".
The ISO definition is based on the premise that "uncertainty (risks) can have consequences in terms of economic performance and professional reputation for corporate organizations. Therefore, managing risk effectively helps organizations to perform well in an environment full of uncertainty".

Risk Management Report

Our risk methodology is aimed at analyzing and retaining risks where doing so contributes value to our business and it is within our defined risk appetite. Therefore, we ensure that the availability of needed expertise, capabilities, processes and controls to manage all types of risks that the business could face.

Strategy and Business Planning

The Board of Directors are responsible for setting the strategic plan for the organization; these could be short, medium and long term based on the set objectives, the vision and the mission of the organization.

Strategic plans are presented to the management for execution and required resources are made available in order to achieve the strategic intent of the shareholders. The strategic plans are carefully designed to be in line with the defined Risk appetite and tolerance limits already set by the Board of Directors.

Risk appetite in this parlance refers to the total value of financial and non-financial exposure that the organization is willing to undertake on the basis of risk-return trade-offs. Risk tolerance on the other hand refers to amount of uncertainty the organization is willing to accept; wherein exceeding the defined risk tolerance levels could impact negatively on the success of the strategy and objectives of the organization.

Risk identification and Assessment

Procedures for identifying risks are applied at the departmental, plant and organizational levels. Qualitative and quantitative tools deployed to manage this process effectively across the organization including the conduct of Risk and Control Self-Assessments, Key Risk Indicator Monitoring and Loss Incident Reporting. Processes for risk identification and assessment are conducted on a regular basis and supplemented with special risk reports when unexpectedly high risks are envisaged or actually become real.

Risk Measurement and Prioritization

This requires that the consequences of potential risks or actual risk incidents are fully understood and quantified. NASCON's overall risk rating is based on the potential for damage from any specific risk, multiplied by its probability of occurrence. These consequences can be injury to staff, destruction of assets, financial losses or damage to our reputation. Ultimately, all will have some consequences for shareholder value.

Risks incidents reported are prioritized based on consideration for likelihood of occurrence and adjudged level of impact. Five levels of severity have been defined for both measurement parameters and properly defined as captured in Figures 1.1 and 1.2 below.

Assessing Likelihood of Occurrence	
Almost certain	**Occurs once a month**
Likely	**Occurs once every 3 - 6 months**
Possible	**Occurs at least once a year**
Unlikely	**Likely to occur every 2 years**
Rare	**Likely to occur every 3 years**

Assessing Level of Impact

	Catastrophic	Major	Moderate	Minor	Insignificant
Parameter	5	4	3	2	1
Financial	>25% of Gross income	>15%-25% of Gross Income	>5%-15%of Gross Income	1%-5% of Gross Income	<1% of Gross income
Reputational	Negative publicity lasting over 6 months; High customer defection, irreparable share pricing decline;Major investor divestment	Negative publicity lasting for over 3 months, Some customer defection; Decline in share price; Few instances of investor divestment	Negative publicity lasting for over 1 month, Some customer defection; Decline in share price; No investor divestment	No negative publicity, customer defection; impact on share price or investor divestment	Minimal negative publicity, customer defection; No impact on share price or investor divestment

Risk Management Report

Risk control and reporting

After risks have been identified and their potential impact quantified, mitigation strategies are recommended, implemented, monitored and reported to the Executive Committee on a monthly basis and to the Board on a quarterly basis. Where necessary, special risk reports are sent to relevant stakeholders on a need-to-know basis. The Board Finance, Risk and Audit Committee reviews risk reports and approves the implementation of recommended risk control measures.

Risk monitoring

The Risk Management team is responsible for coordinating all the risk management processes implemented across the organization and ensures that risk controls are duly implemented. Where required risk controls remain outstanding, the Risk Management team ensures timely escalation to relevant approving authorities for the required budgetary approvals or control modification. The risk monitoring process leads to the identification and assessment of new risks that are then analyzed using the process flow described above.

Risk management oversight, systems and tools

The internal Risk Management function of NASCON is responsible for risk oversight in the business. The function is responsible for identifying, measuring, monitoring and controlling the full spectrum of risk facing the business; these risks have been classified under 3 broad categories namely:

1. **Credit Risks**

   Credit Risk is defined as the risk of loss resulting from a borrower's failure or inability to repay a credit facility or otherwise meet a contractual obligation. Credit Risk exists in two basic forms:

   a. Direct Credit Risk: It is the risk of loss from a counterparty / client's inability or unwillingness to pay it's on and off balance sheet commitments.

   b. Indirect Credit Risk: It is a risk that arises in our business when a sale for which payment is not due immediately is mitigated by the provision of a bank guarantee.

2. **Operational Risks**

   Operational risks are classified as incidents that result in actual or likely change in value ensuing from inadequate or failed internal processes, people and systems, or from external events including legal risk. Examples of operational risks identified in NASCON include fires at plants, unplanned disruption from equipment malfunctions, health and safety issues, and low staff productivity.

3. **Insurance Risks**

Insurance is used as a means of protection from financial loss from risk which have been considered best transferred to an insurance underwriter. This follows the Risk management principle of using insurance as a risk transfer mechanism primarily used to hedge against the risk of a contingent, uncertain loss. NASCON therefore maintains several regulatory (Group Life Assurance, Commercial Vehicle, Private Motor, Marine and NSITF) and best-practice based (Business interruption, Industrial All Risk, Goods in Transit) insurance policies which provide relief in the event of the crystallization of insured risks.

Risk types covered under the broad headers include political risks, market risks, reputation risks, health & safety risks and business continuity risks. Specialist risks such as legal, financial and information technology risks are jointly managed with the respective functional departments.

Some of the technical tools used in the application of Risk Management principles in the organization include:

- Weekly Loss Incident Reporting
- Monthly Key Risk Indicators (KRI) reporting
- Risk reporting at Monthly Performance Review (MPR) Meetings
- Quarterly risk reporting to the Board Finance, Risk and Audit Committee
- Bi-annual Risk and Control Self-Assessment
- Annual Engineering/ Technical Risk assessments
- Plant Operational Risk Assessment exercises
- Control plan monitoring and evaluation
- Loss estimation using Scenario analysis
- Insurance policy management including policy design, renewals and claims management

The effectiveness of the Risk Management function is monitored by the Internal Audit function in line with Three Lines of Defense (3LoD) principle. In the Three Lines of Defense model, management control is the first line of defense in risk management, the risk function

Risk Management Report

is the second line of defense, and an independent internal audit function is the third line. Each of these three "lines" plays a distinct role within the organization's wider governance framework as shown in Fig 3.0.

OVERVIEW OF KEY RISKS IN YEAR 2017

As a business operating in the Nigerian business environment, NASCON was not spared from the economic challenges that faced organizations in the past year. While some of these challenges were across board and impacted on most business entities in the country, some were more operational and localized to the manufacturing and distribution industry in particular.

Economic recession and reduced spending power

The economic recession that crippled consumer spending for much of year 2016 continued up until the 1st half of year 2017 when marginal growth of 0.7% GDP was recorded in June 2017. Despite the turnaround from negative growth, consumer confidence remained poor up until the 3rd quarter of the year when improved oil production signalled the end of the economic recession.

The reduction in production volumes by major players in the food sub-sector Nigeria impacted negatively on NASCON's business in terms of volume, however, the loss on volume did not impact on volume the bottom-line revenue of the organization due to attendant price increases on finished goods.

Foreign Exchange challenges

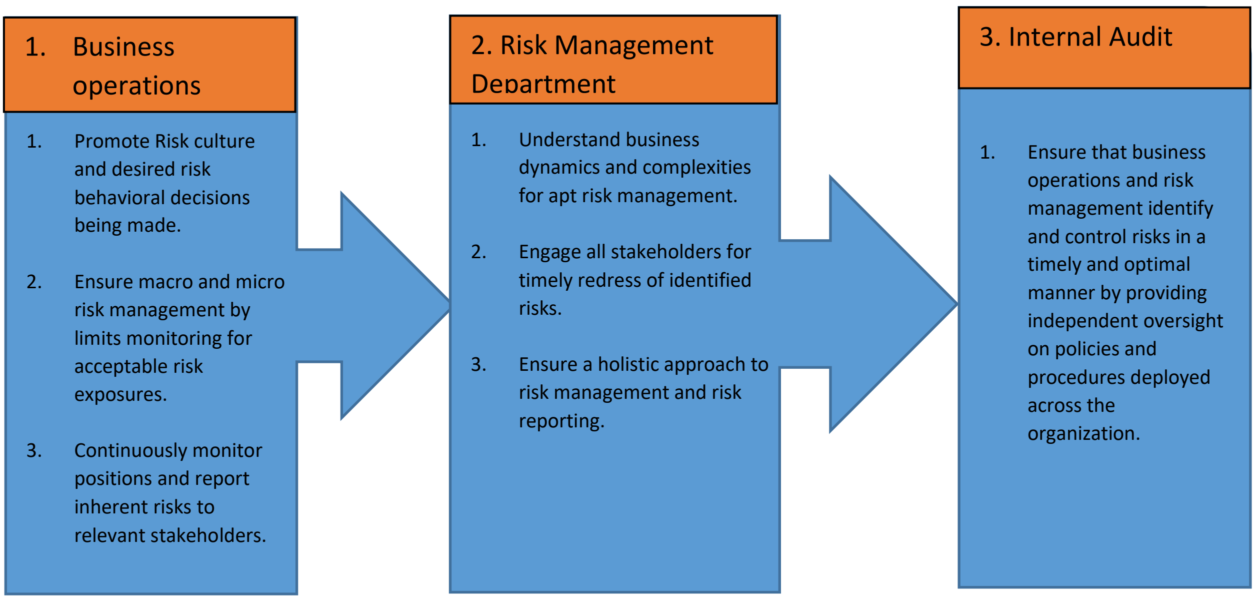
NASCON's management had to pro-actively manage the FX challenges in its bid to sustain crude salt and associated raw material imports from its suppliers across the globe. Through our effective currency hedging, business continuity and global supply chain planning strategies, we were able to sustain all high FX imports into the country and the business did not suffer any loss-time on production from raw material exhaustion.

In terms of sourcing new equipment and replacement of spare parts on existing equipment, the FX challenges opened up opportunities for local ingenuity and NASCON benefited from new partnerships through collaboration with other major players in the manufacturing industry for the local sourcing of equipment.

New production lines were sourced and installed locally and this was also significant in reducing the usual lead times and attendant costs from shipping equipment from overseas.

Apapa Gridlock and increased cost on sourcing of raw materials

The traffic situation at the nation's main gateway, the Apapa port impacted significantly on NASCON's ability to import raw materials and distribute finished products out of its Apapa plant. Apapa plant contributes significantly to the total edible salt production of the business and serves as the major source of production for customers in the Lagos, South-west, North-central and North-



Risk Management Report

west regions of the country.

Road construction efforts in the Apapa axis critically affected the flow of traffic into the port and the average trip into the Apapa port was in the range of 4 to 7 days for trucks and tippers for most of the year.

This significant risk was mitigated with the acquisition of new trucks and upgrade of existing fleet; additional trucks were also sourced from 3rd party stakeholders.

Increased Logistics Turnaround Time

The average turnaround time for trucks heading up to the North East and North West of the country were affected by the collapse of arterial highways and bridges mostly in the Middle belt region. Some of the major bridge collapse and severely damaged roads include the following: -

- Tegina- jebba Bridge
- Jebba-Mokwa Bridge
- Lafia- Jos Bridge
- Zungeru-Bida Bridge
- Ayangba-Lokoja Road

The business incurred additional diesel cost as trucks plying this routes from the Lagos and Port Harcourt plants had to be diverted on longer routes to ensure product delivery to customers.

OPPORTUNITIES RECORDED IN YEAR 2017

Increase in export trade

NASCON consolidated on some of the successes of its export trade strategies from Year 2016 by pushing the boundaries of export trade into nearby West African countries notably the Republic of Benin and Republic of the Niger. This effort has been significantly buoyed by technical and operational partnerships with some of the other business units within the Dangote group who already have market presence in the countries where NASCON intends to penetrate.

Whilst Salt is clearly the product with the highest potential for export earnings; its export trade into West Africa continues to be challenging majorly due to differences in preference for salt variants between Anglophone and Francophone West African countries. While Anglophone West African countries have a preference for refined table salt with a Particle Size Distribution (PSD) between 1000- 1200 microns, Francophone West African countries have a preference for salt crystals between 100-150 microns. These difference in preferences have considerable bearings on pricing and profitability in the medium to long term.

Despite the present challenges, NASCON will continue to explore opportunities despite the challenges and efforts are ongoing to significantly scale up export trades further into other West African countries.

Corporate trade customers

Despite the pessimisms that came with the economic recession, the silver lining for NASCON was in the form of increased focus on local sourcing by the major manufacturing companies. NASCON took advantage of the opportunities presented and strategic supply agreements were reached with medium to large sized corporate customers.

Highlight of achievements in the year 2017

- Implementation of Whistle Blowing policy across all plants and workshops.
- Full implementation of Risk Management Framework and Tools: Risk and Control Self-Assessment, Loss Incident Reporting, Key Risk Reporting, Monthly Key Risk Indicator monitoring.
- Implementation of Customer credit rating system.
- Reconstruction of Port Harcourt Plant (Ongoing).
- Renovation of Oregun Plant Crude Salt Warehouse (Ongoing).
- Capacity increase (Installation of additional production lines at Oregun).
- Addition of 98 new truck to boost logistics operations.
- Implementation of Golden rules for HSSE management.
- Construction of water treatment plant at Oregun Plant.
- Renovation of staff canteen and upgrade of catering services to boost staff morale.
- Installation of Hygiene stations at all entrances to the production plants.
- Fire Risk Assessments conducted across all plants in line with ISO 45001 standard.

Adewale Akinwale
Head, Risk Management


www.nasconplc.com
DANGOTE
Salt
Refined & Iodized
DANGOTE
Salt
Refined & Iodized
500g
it's not just salt, its

Health, Safety and Environment

“We are committed to international and local best practices in all NASCON operations”

Health, Safety and Environment is viewed from the standpoint as a function which has significant effect on the overall operation of our business, whilst the business plays an important role in the development of the nation’s economy; it has its peculiar hazards that need to be well managed.

As a global player in the salt industry, NASCON is committed to international and local best practices in her operations with the aim of reducing occupational health issues, industrial accidents, environmental degradation and to uphold her brand name. In NASCON, our core value is to ensure “GOAL ZERO” which stands for ‘no fatality, no accident, no occupational illness, no environmental pollution and no litigation. We have in place a robust safety mechanism to manage our operational hazards to as low as reasonably practicable (ALARP).

OUR STRATEGIC OBJECTIVES

NASCON aims to create a safety culture which will improve the condition of our workplaces and effectively communicate safety to our employees, contractors and visitors. Above all, we also aim to reduce workplace incidents which may have negative effects on our reputation and overall on our revenue.

In NASCON we are developing and implementing new HSE policies based on safety golden rules and health, safety, social and environment (HSSE) standards to manage our strategy to achieve our business objectives.

Our core HSE values are tied to People, Environment, Asset and Reputation (PEAR). These values will bring about a new approach to work, improve our good manufacturing practices (GMP), help transform the attitude of our employees, contractors, visitors and the way our competitors view us. It will give us an edge over other manufacturers of similar products in terms of insurance premium, legal suits, compensation and attraction of investors.

To keep our strategic objectives on track, we set targets on key performance indicators (KPI’s) that will be dependent on the core values of our business and expectation of our shareholders. A sound technical HSE professional team has been set up to champion the responsibilities of overseeing the performance and improvement plan of HSE across the group. For proper evaluation and management of our occupational hazards we are committed to continuous improvement of the way we manage our workplace hazards and observe compliance with legal and regulatory requirements that govern the land.

Our HSE personnel conduct regular pre-engagement health assessment, inductions of new employees and transferred employees with the aim of ensuring that all staff are medically fit to work and understand the inherent hazards associated with our business

Health, Safety and Environment

upon resumption

We carry out regular internal audits and inspections on our occupational health and safety management systems, equipment and in addition report all incidents with the aim of identifying root causes and put measures in place to avoid reoccurrences. Furthermore, external audits and inspections are carried out by industry regulators as well as certification bodies.

We encourage incident reporting with a system in place to record and investigate all reported incidents. The findings and recommendations are submitted to executive management and Board of Directors to ensure that health and safety measures are taken seriously across the business and incidents are reduced to as low as reasonably practicable.

All staff at different levels are encouraged to report any concerns with senior management executives regarding occupational health and safety. On site, we have medical facilities as well as competent medical staff and an operational site ambulance available for emergency evacuations. More so, regular drills are conducted with the aim of testing the effectiveness and functionality of our emergency facilities and preparedness of workers in the event of an emergency. Quarterly site HSE meetings are conducted where various HSE lectures are delivered, awareness on safety issues and learning from incidents (LFI's) are cascaded and awards and recognition of persons based on good safety practices are rewarded.

Fleet Safety Management

The fleet team plays a very significant operational role in the business which cannot be over emphasized. In NASCON, we realize the importance of the fleet team in realizing the overall objective of the business. We also put into consideration the operational risks associated with the department and its management system and we are committed to the reduction of road traffic accidents (RTA).

HSE department collaborates closely with the fleet team to increase their awareness on road safety, high way codes and defensive driving techniques. We further conduct daily truck inspections to ensure truck's road worthiness, reduce road accidents and delay in product delivery time. We engage our truck drivers on monthly safety pep-talks and quarterly driver's performance recognition performance awards to encourage safe driving. In addition, pre-trip briefings are conducted for truck drivers and the state of their health is also considered prior to any journey. This is done to ensure that all truck drivers are fit to work and are reminded of the rules governing driving for NASCON

We closely supervise our contractors and ensure

NASCON 15 GOLDEN RULES

1. Report all incidents

2. Stop unsafe work

3. Work with valid work permit

4. Verify isolation before work

5. Protect yourself against a fall at height

6. Do not work under a suspend ed load

7. Obtain authorization before entering a confined place

8. Obtain authorization before overriding equipment

9. Conduct gas test

10. Do not smoke

11. No alcohol while working

12. Do not use your phone or exceed speed limit

13. Wear your seat belt

14. Do not discharge or dispose of hazardous materials

15.Use correct PPEs

safety procedures are not compromised in their activities. For every contract awarded we conduct a pre-job meeting and induction for contractor personnel and pre-mobilization of equipment before site mobilization and ensure appropriate personal protective equipments (PPE's) are worn. Contractor sites are regularly inspected and all unsafe acts and conditions are identified, reported and ensured they are closed out to promote a safe workplace.

OUR ENVIRONMENT

NASCON trusts in a robust environmental management system geared towards reducing the effect of climate change. It is noteworthy to state that salt dust contributes to climate change and global warming effects, we take necessary steps to avoid salt dust into the environment. This also helps to avoid legal challeneges and reputation damages from our host communities. This, if not well managed could attract legal challenges from our host communities and therefore affect our reputation. This is why we are committed to the implementation of ISO 14001:2015 Environmental Management System (EMS) which is a systematic approach to management of environment within the scope of our operations.

We conduct external Environmental Assessment Report (EAR) and its outcome informs areas of improvement of dust emission and noise. We comply with local and international standards by applying for environmental permits from state- owned and federal environmental agencies. The environment and e-waste policies which have been endorsed by the Managing Director are effectively communicated and circulated to both staff and contractors. These policies are reviewed every three (3) years or as at when necessary for continuous improvement, thereby setting and reviewing environmental objectives and targets.

HAZARD EFFECT MANAGEMENT PROCESS (HEMP) TOOL

This is a structured set of controls for managing safety in the business to ensure and to demonstrate that business objectives are met.

Risk Management Standard: This standard considers the activities of employees and contractors conducting routine and non-routine activities, as well as the production services provided by their operation within NASCON.

Risk = Likelihood x Severity: The consequences of a specific / particular hazard being released and the likelihood of it happening.

Risk control effectiveness (Traffic Light System)

INCIDENT REPORTING AND INVESTIGATION STANDARD: This standard is to describe the arrangement and requirement for reporting, classification, escalation and investigation of occupational HSE incidents across NASCON. Closure and communication of incidents is crucial to enable NASCON understand the effectiveness of risk management program and to ensure that employees learn lessons so as to avoid future reoccurrences

The essential steps for incident reporting and investigation are made up of four processes:

1. Incident Notification: All incidents shall be reported using the NASCON risk observation card / channeled in a timely manner based on severity of occurrence.
2. Incident classification/ escalation/reporting alert: Incidents are classified as near misses or accidents and then risk level is determined
3. Investigation: An investigation team is set up comprising of several staff of NASCON based on the severity of the incident. More critical cases or those involving fatalities are investigated by upper management staff or management executives, while managers and team heads are part of the investigation team in other less critical incidents. Every investigation process involves witnesses' statements and pictures, where necessary.
4. Communication of lesson learnt: This is carried out after all investigations have been reviewed by management executives. Findings and recommendations are generated and further cascaded to all staff through Learning From Incidents (LFI) and safety alerts. The aim of this process is to ensure that all employees are aware of the incident and have the knowledge of actions to take to prevent further recurrence.

HSE PERFORMANCE REPORTING STANDARD:

This management tool ensures NASCON keeps track and regularly report on the

Health, Safety and Environment

performances of the HSE key performance indicators (KPI's) in order to support the business decision making process. The KPI's are grouped into two; Leading and Lagging indicators

Lagging indicators are mandatory and are reactive in nature such as fatality, Lost Time Incidents (LTI's), recordable injuries, occupational illnesses and near misses etc. These shall be monitored, documented and reported bi-monthly and quarterly to executive management and board of directors. They shall be further subjected to rigorous investigation to identify the root causes and cascaded to all staff to avoid recurrence.

Leading indicators, on the other hand are recommended, despite not being mandatory. Leading indicators are monitored, collected, documented and reported to management on a monthly basis for management review and if necessary for adoption of proper corrective actions.

The leading indicators include HSE meetings, unsafe acts and conditions, observations, golden rules violation, HSE trainings, Fire response readiness, drills, audits and inspections, etc

To effectively manage safety on site, we established a close relationship with the operations and fleet teams for adequate supervision of their activities, training of their personnel and ensuring that safety procedures are followed. These initiatives has led to an increase in compliance to Personal Protective Equipment (PPE), infrastructural renovations, identification and reporting of unsafe acts and conditions on site and the overall safety culture of staff has greatly improved.

2017 HIGHLIGHTS

- Hiring of Head HSE and 5 new HSE professionals.
- Implementation of new HSE policies.
- Development and implementation of new safe system of work procedures (Permit to work, Job safety analysis, safety operational procedures).
- Implementation of Safety pre-job meetings and induction of contractors personnel.
- Implementation of site HSE quarterly meeting.
- Implementation of safety Management committee monthly meeting.
- Implementation of monthly Management site safety tour.
- Commenced site HSE hazard tracking and report to executive management.
- Implementation of safety recognition and rewarding program.
- Full implementation of NASCON 15 Golden Rules.

Jude Amaechi
Head, Health, Safety and Environment


www.nasconplc.com
DANGOTE
Salt
Refined & Iodized
No matter who you are
or where you are from...
DANGOTE
Salt
Refined & Iodized
500g
@DangoteSalt DangoteSalt dangote_salt

NASCON
RC 11364

Corporate Governance

Corporate Governance Report

“We took many steps to further improve our governance and to propel NASCON to greater heights. I am dedicated to continue driving good corporate governance practices and structures.”

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. The Board delegates the day-to-day running of the Company’s affairs to the Managing Director/Chief Executive Officer supported in this task by an Executive Management Committee. The Board of Directors consists of 10 members; the Chairperson, 2 Executive Directors and 7 Non-Executive Directors out of which 3 are 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	Independent Director

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.

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

Corporate Governance Report

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 2017

'Yemisi Ayeni	7/7
Paul Farrer	7/7
Fatima Aliko-Dangote	7/7
Olakunle Alake	7/7
Halima Aliko-Dangote*	5/7
Abdu Dantata	7/7
Sada Ladan-Baki**	5/7
Chris Ogbechie	6/7
Knut Ulvmoen	7/7
Fatima Wali-Abdurrahman	7/7

*Halima Aliko-Dangote was on an approved leave of absence.
**Sada Ladan-Baki was on approved work assignment with a related party company.

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 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 Chairman 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 2016 annual reports and accounts
- Reviewed the 2017 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

Finance, Risk and Audit Committee attendance:

The Committee held five (5) meetings in 2017

Chris Ogbechie	5/5
Paul Farrer	5/5
Fatima Aliko-Dangote	5/5
Olakunle Alake	5/5
Halima Aliko-Dangote*	2/5
Abdu Dantata	5/5
Sada Ladan-Baki**	4/5

*Halima Aliko-Dangote was on an approved leave of absence.
**Sada Ladan-Baki was on approved work assignment with a related party company.

Corporate Governance Report

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 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 the year

Knut Ulvmoen	4/4
Paul Farrer	4/4
Fatima Aliko-Dangote	4/4
Halima Aliko-Dangote*	0/4
Fatima Wali-Abdurrahman	4/4

*Halima Aliko-Dangote was on an approved leave of absence.

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 to 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 2017

Okey Nwuke	5/5
Umar Farouk	5/5
Kudaisi Ayodele Sarat	5/5
Halima Aliko-Dangote*	4/5
Abdu Dantata	5/5
Chris Ogbechie	3/5

*Halima Aliko-Dangote was on an approved leave of absence.

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 for Directors

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.

Corporate Governance Report

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 CEO) 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.

Insider Trading Policy

In accordance with Section 14 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 Section 14 of the Amended 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 2017 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.

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 Annual General Meeting. The Chairmen of the Committees and myself are also available to answer shareholders' questions during formal proceedings of the Annual General Meeting.

The Annual General Meeting to discuss this 2017 Annual Report will be held at the Civic Centre, Victoria Island, Lagos, at 11.00am on 3rd May 2018.

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 102.

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.

'Yemisi Ayeni
Chairperson

Introduction
Operations
Corporate Governance
Financials
Supplementary Information


Taste something different!
DANGOTE
Dan-Q
SEASONING
DANGOTE
Dan-Q
SEASONING
NASCON
Dan-Q
SEASONING

Board & Committee Structure

10 members — 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

5 members — Establishment and General Purpose Committee

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

7 members — Finance, Audit and Risk Committee

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

6 members — Statutory Audit Committee

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

15 members — Management Committee

Paul Farrer (c)
Fatima Aliko-Dangote
Aderemi Saka
Gerhard Scheepers
Olushola Shosanya
Rabiu Mohammed
Olusegun Ajala
Nura Shuaibu
Rabi Adamu
Shalom Okonmah
Patrick Mogaha
Adewale Akinwale
Jude Amaechi
Tunde Iwamofe
Adedayo Samuel

(c) denotes Chairperson
The Management Committee and Statutory Audit Committee are not Committees of the Board

Board of Directors

Chris Ogbechie   Fatima Wali-Abdurrahman   Abdu Dantata

Fatima Aliko-Dangote   Paul Farrer

Sada Ladan-Baki Halima Aliko-Dangote Knut Ulvmoen
'Yemisi Ayeni Olakunle Alake

Board of Directors

'Yemisi Ayeni I Chairperson

'Yemisi is the immediate past Managing Director, Shell Nig. Closed Pension Fund Administrator Ltd, a position she held for 10 years. She was also a Council Member of the Nigerian Stock Exchange and was recently appointed as a Non-Executive Director on the Board of Stanbic-IBTC Pension Managers Ltd., and an Executive Board Member of Women in Management and Business (WIMBIZ). A graduate of Economics (Specialising in Accounting and Business Finance) 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 Price Waterhouse, 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, including her being Finance Director of SNEPCo.

Paul Farrer I 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 20 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.

Fatima Aliko-Dangote I Executive Director, Commercial

Fatima 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.

She was appointed to the Board in 11th of March, 2016.

Olakunle Alake I Director

Olakunle is Chief Operating Officer of Dangote Industries. 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 Dangote Industries in 1990, after six years at PWC. He has held several management positions in Dangote Industries, 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.

Halima Aliko-Dangote I 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 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.

Board of Directors

Abdu Dantata I 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.

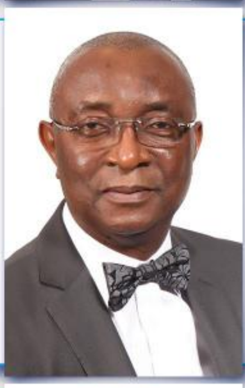
He is a fellow of the Nigerian Institute of Shipping. He brings his extensive experience in sales, logistics and distribution to Board.

Sada Ladan-Baki I 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.



Chris Ogbechie I 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 Director of First bank Sustainability Centre, Lagos Business School and 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.

Knut Ulvmoen I Director

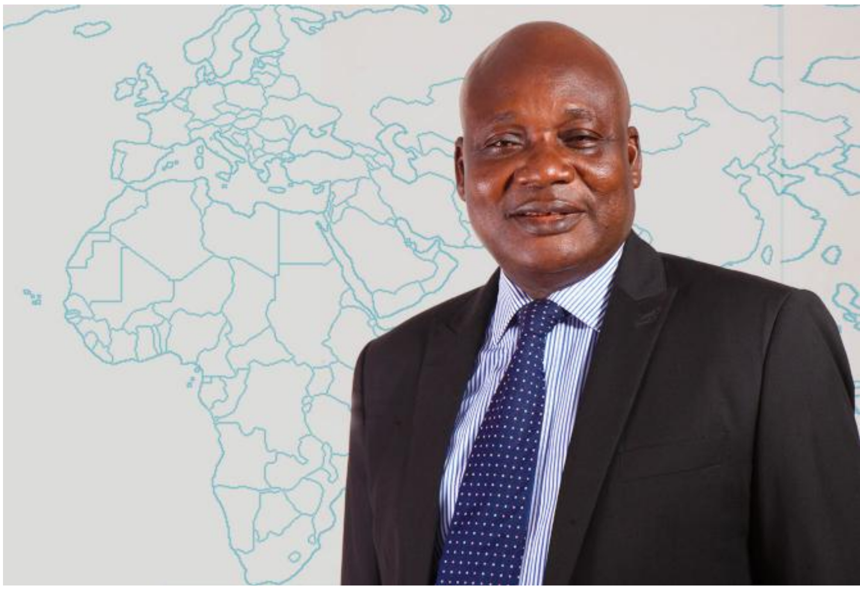
Knut joined Dangote in 1996 as the Finance Director. He is a management professional with extensive background in finance and administration of multinational companies including Revisor-Centret, Norcem Group, Bulkcem and Scancem.

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.

Fatima Wali-Abdurrahman I Independent Director

Fatima is an architect, real estate developer and management professional. She is currently 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 Lead 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

Report of the Directors'



"The Board is satisfied that the Annual Report represents a fair, balanced and realistic view of events during the 2017 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, 2017.

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 2017 financial year.

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.

Legal form

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

Principal Activities

The principal activities of the company during the year include processing of Raw Salt into Refined, Edible and Industrial Salts. The company also produced Seasoning Vegetable Oil.

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 9
- MD Review on pages 14 - 15
- CFO Review on pages 16 - 19
- Corporate Governance Report on pages 40 - 43
- Risk Management Report on pages 28 - 32
- HSE Report on pages 34 - 37
- Human Resources Report on pages 26 - 27

Results of the Year and Dividend

Total revenue of the Company increased to ₦27.06 billion {2016: ₦18.29 billion}. Profit for the year also increased to ₦5.34 billion {2016: ₦2.42 billion}. Proposed final dividend for 2017 is ₦3.97 billion.

Unclaimed Dividends

The total amount outstanding as at 31 December, 2017 is ₦566.75million. A summary of the report

Report of the Directors'

is on page 108. The list of unclaimed dividends is available on the company website - 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 114.

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. NASCON Allied Industries Plc. as at the date of this report, has ten (10) Directors. Their biographies are contained in pages 48 to 49.

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	Director
Knut Ulvmoen	Director
Fatima Wali-Abdurrahman	Director

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, Olakunle Alake, Halima Aliko-Dangote and Chris Ogbechie are retiring by rotation and being eligible, offer themselves for re-election.

No Directors' has a service contract not determinable within five years.

Director' 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.

Substantial interest in shares

The Registrar has advised that according to the Register of Members on December 31, 2017, Dangote Industries Limited with 1,647,763,557 ordinary shares of 50k each and Stanbic IBTC Nominees Limited with 153,347,537 ordinary shares of 50k each held more than 5% of the issued share capital of the Company.

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 2017. Details of the share capital history are set out on page 109.

Directors Shareholding

	As at December 31, 2016	As at December 31, 2017	As at March 31, 2018
(a) 'Yemisi Ayeni	-	-	-
(b) Paul Farrer	-	-	-
(c) Fatima Aliko-Dangote	-	-	-
(d) Olakunle Alake	4,170,000	4,419,959	4,419,959
(e) Halima Aliko-Dangote	-	-	-
(f) Abdu Dantata	2,000,000	2,000,000	2,000,000
(g)Sada Ladan-Baki	2,758,673	1,197,694	1,197,694
(h) Knut Ulvmoen	-	-	-
(i) Chris Ogbechie	-	-	-
(j) Fatima Wali Abdurrahman	-	-	-

Report of the Directors’

Analysis of shareholdings

Analysis of shareholdings as at December 31, 2017

Range	No. of Holders	Percent	Units	Percent
1 - 1000	20,651	61.67%	8,182,500	0.31%
1001 - 5000	6,306	18.83%	15,757,221	0.59%
5001 - 10000	2,184	6.52%	15,742,945	0.59%
10001 - 50000	3,202	9.56%	68,886,589	2.60%
50001 - 100000	516	1.54%	38,120,587	1.44%
100001 - 500000	474	1.42%	100,163,625	3.78%
500001 - 1000000	74	0.22%	53,796,107	2.03%
1000001 - 5000000	56	0.17%	110,542,941	4.17%
5000001 - 10000000	11	0.03%	73,453,074	2.77%
10000001 - ABOVE	13	0.04%	2,164,792,789	81.71%
	33,487	**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 10 members; The Chairperson, 2 Executive Directors and 7 Non-Executive Directors out of which 3 are 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 19 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.

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, 2017 and the profit for the year ended on that date, which have not been adequately recognized.

Company Distributors

The company’s products are distributed by distributors in 50kg bags across the country, who redistribute to wholesalers, confectioners, supermarkets and retailers. Salt retail packs come in various sizes of 250g, 500g and 1kg and are sold under the brand name “Dangote Refined Salt”. Seasoning is sold under the brand name “Dan-Q”, and Vegetable Oil sold as “Dangote Vegetable Oil”.

Suppliers

The Company obtains its materials at arm’s length basis from overseas and local suppliers. Amongst our main overseas and local suppliers are Salinor, from who we purchase raw salt and Dangote Agrosacks Limited, who provides us with packaging.

Donations

No donations were made in 2017 as all CSR activities are carried out by Dangote Foundation on behalf of the companies within the Dangote Group.

Report of the Directors'

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 Ogbechie	Director

Auditors

Messers Deliotte & Touche (Chartered Accountants) have completed their ten years' statutory period of audit as the Company's Auditors in accordance with SEC and FRCN regulations. A resolution will be proposed authorizing the Directors to appoint Price Waterhouse Coopers as the new Auditors and 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
Monday, March 5, 2018


for cooking great tasting meals!
DANGOTE
Dan-Q
SEASONING
DANGOTE
Dan-Q
SEASONING
DANGOTE
*Available in Chicken and Beef flavours.
Dan-Q
SEASONING

Financials

Statutory Audit Committee Report

This report is provided by the Audit Committee appointed in respect of the 2017 financial year of NASCON Allied Industries Plc.

1. Members of the Audit Committee

The Audit 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 Audit Committee are elected annually at General Meetings. The Committee in compliance to the requirement of corporate governance practice is chaired by a representative of the Shareholders and include:

Name	**Position**
Dr. Okey Nwuke	Chairman/Shareholders' Representative
Dr. Umar Farouk	Shareholders' Representative
Alhaja Kudaisi Ayodele Sarat	Shareholders' Representative
Ms. Halima Aliko Dangote	Director
Alhaji Abdu Dantata	Director
Professor Chris Ogbechie	Director

2. Meetings held by the Audit Committee

The committee held five scheduled meetings during 2017

Name	01/02/17	27/03/17	06/06/17	31/07/17	24/10/17
Dr. Okey Nwuke	Yes	Yes	Yes	Yes	Yes
Dr. Umar Farouk	Yes	Yes	Yes	Yes	Yes
Alhaja Kudaisi Ayodele Sarat	Yes	Yes	Yes	Yes	Yes
Ms. Halima Aliko Dangote	Yes	Yes	Yes	Yes	No
Alhaji Abdu Dantata	Yes	Yes	Yes	Yes	Yes
Professor Chris Ogbechie	Yes	Yes	Yes	No	No

3. 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's internal controlst.

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.

4. Insider Trading Policy

In accordance with Section 14 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 Section 14 of the Amended 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 2017 financial year.

There is no case of non-compliance with the Policy.

Statutory Audit Committee Report

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 December 31, 2017. 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

Mr. Okey Nwuke
Chairman, Statutory Audit Committee
FRC/2017/ICAN/00000016523
March 5, 2018

Members of the Committee
Dr Umar Farouk
Alhaja Kudaisi Ayodele Sarat
Ms. Halima Aliko Dangote
Alhaji Abdu Dantata
Professor Chris Ogbechie

Statements of Management's Responsibilities for the Preparation and Approval of the Financial statements for the year ended December 31, 2017

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 December 31, 2017, 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 of Nigeria, Cap C20 LFN 2004, the Financial Reporting Council Of Nigeria Act.

In preparing the consolidated 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 enable 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 62 to 106, for the year ended December 31, 2017, were approved by the board on March 5, 2018

Signed on behalf of the Board of Directors By:

Professor Chris Ogbechie	**Paul Farrer**
Director	Managing Director
FRC/2015/IODN/0000011213	FRC/2016/IODN/0000015797

Deloitte & Touche
Civic Towers, Plot GA 1, Ozumba Mbadiwe Avenue,
Victoria Island, Lagos, Nigeria

Independent Auditor's Report

To the Shareholders of NASCON Allied Industries Plc

Opinion

We have audited the accompanying financial statements of NASCON Allied Industries Plc which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of NASCON Allied Industries Plc as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 are independent of the Company in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

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

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 year. 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 the matter was addressed in the audit
Impairment of vegetable oil and tomato paste plants	
The Company commissioned the vegetable oil and the tomatoes paste plants in 2015. These plants have been idle since early 2016 due to the inability of the Company to get raw material as a result of Government legislation on import materials that are not eligible for Foreign exchange. Based on the above mentioned impairment indicator, the Directors carried out impairment test on the plants using discounted cash flow model in line with the guidance contained in IAS 36. In estimating the value in use of the plants, the directors made some judgements and assumptions as disclosed in Note 3.1.3 of the financial statements.	In evaluating Directors' impairment test, we carried out substantive audit test on the Impairment analysis. We also checked compliance with the requirements of IAS 36. We carried out the following audit procedures: • Reviewed the measurement methods used by the Company and challenged the Directors' decision to choose the method used (Discounted cash flow model). • Involved our internal experts in the review of the Directors cash flows projection, Impairment analysis, related assumptions and other supporting computations. • Obtained and reviewed supporting documents and other evidence provided to support the Directors' future plans, which were incorporated in the cash flows projection

Deloitte.

Independent Auditor's Report

Impairment of vegetable oil and tomato paste plants (continued)	
The result of the test showed that the assets were not impaired. Accordingly, for the purposes of our audit, we have identified the impairment of vegetable oil and tomatoes paste plants as matters requiring significant audit attention due to the possibility of the carrying value of the plants exceeding the recoverable value. As at the year end, the value of both plants included in property plant and equipment balance disclosed in Note 19 was N2.7billion.	• Analysed the future projected cash flows used in the models to determine whether they are reasonable and consistent with the current operating environment. • Performed sensitivity analysis to assess the impact of any changes in the assumptions and inputs. Our audit review, including the review carried out by our internal experts did not reveal any material misstatements.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that gives true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, 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.

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 ISA 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.

Deloitte.

Independent Auditor's Report

As part of an audit in accordance with ISA, 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.
- 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 relating 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 Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the audit committee and the Directors 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 the audit committee and Directors 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 the audit committee and the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

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

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Ijeoma Onwu, FCA - FRC/2013/ICAN/00000001364
For: Deloitte & Touhe
Chartered Accountants
Lagos, Nigeria
8 March, 2018

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2017 ₦'000	2016 ₦'000
Revenue	5	27,064,325	18,291,792
Cost of sales	7	(17,070,310)	(12,374,098)
Gross profit		**9,994,015**	**5,917,694**
Other income	9	11,296	18,484
Distribution costs	10.1	(604,718)	(638,189)
Administrative expenses	10.2	(1,773,737)	(1,479,315)
Operating profit	15	**7,626,856**	**3,818,674**
Investment income	8	354,745	55,328
Finance costs	13	(72,113)	(357,671)
Profit before taxation		**7,909,488**	**3,516,331**
Taxation	16	(2,565,896)	(1,101,148)
Profit for the year		**5,343,592**	**2,415,183**
Other comprehensive income		-	-
Total comprehensive income for the year		**5,343,592**	**2,415,183**
Earnings per share			
Per share information			
Basic earnings per share (Kobo)	18	202	91

The accounting policies on pages 66 to 77 and the notes on pages 78 to 104 form an integral part of the Financial Statements.

Statement of Financial Position as at December 31, 2017

	Note(s)	2017 ₦'000	2016 ₦'000
Assets			
Non-Current Assets			
Property, plant and equipment	19	9,419,203	6,346,688
Intangible assets	20	-	47,374
Other assets	21	1,838	5,513
		9,421,041	**6,399,575**
Current Assets			
Inventories	22	3,016,787	2,720,232
Trade and other receivables	23	5,603,540	10,178,751
Other financial assets	25	468,791	-
Other assets	21	2,136,348	2,812,640
Cash and bank balances	24	9,476,740	2,492,069
		20,702,206	**18,203,692**
Total Assets		**30,123,247**	**24,603,267**
Equity and Liabilities			
Equity			
Share capital	26	1,324,719	1,324,719
Share premium	27	434,037	434,037
Retained earnings	28	9,776,456	6,287,471
		11,535,212	**8,046,227**
Liabilities			
Non-Current Liabilities			
Borrowings	30	38,570	38,570
Retirement benefit obligation	31	222,134	249,635
Deferred tax	17	1,712,001	1,143,882
		1,972,705	**1,432,087**
Current Liabilities			
Trade and other payables	32	14,629,955	14,252,728
Current tax liabilities	16	1,985,375	872,225
		16,615,330	**15,124,953**
Total Liabilities		**18,588,035**	**16,557,040**
Total Equity and Liabilities		**30,123,247**	**24,603,267**

The Financial Statements and the notes on pages 62 to 104, were approved by the Board of Directors on March 5, 2018 and were signed on its behalf by:

Professor Chris Ogbechie
Director
FRC/2015/IODN/0000011213

Paul Farrer
Managing Director
FRC/2016/IODN/0000015797

Tunde Iwamofe
Finance Controller
FRC/2013/ICAN/0000002247

The accounting policies on pages 66 to 77, and the notes on pages 78 to 104 form an integral part of the Financial

Statement of Changes in Equity

Statement of Changes in Equity

	Share capital ₦'000	Share premium ₦'000	Retained income ₦'000	Total equity ₦'000
Balance at January 1, 2016	**1,324,719**	**434,037**	**5,329,479**	**7,088,235**
Profit for the year	-	-	2,415,183	2,415,183
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**2,415,183**	**2,415,183**
Dividends	-	-	(1,457,191)	(1,457,191)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(1,457,191)	(1,457,191)
Balance at January 1, 2017	**1,324,719**	**434,037**	**6,287,471**	**8,046,227**
Profit for the year	-	-	5,343,592	5,343,592
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**5,343,592**	**5,343,592**
Dividends	-	-	(1,854,607)	(1,854,607)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(1,854,607)	(1,854,607)
Balance at December 31, 2017	**1,324,719**	**434,037**	**9,776,456**	**11,535,212**

The accounting policies on pages 66 to 77, and the notes on pages 78 to 104 form an integral part of the Financial Statements.

Statement of Cash Flows

	Note(s)	2017 ₦'000	2016 ₦'000
Cash flows from operating activities			
Cash receipts from customers		26,778,211	18,509,103
Cash paid to suppliers and employees		(12,057,832)	(15,740,394)
Cash generated from operations	33	14,720,379	2,768,709
Tax paid	16	(884,626)	(530,212)
Net cash provided from operating activities		**13,835,753**	**2,238,497**
Cash flows from investing activities			
Purchase of property, plant and equipment	19	(4,815,362)	(535,361)
Proceed from sale of property, plant and equipment		5,046	5,010
Purchase of short term investment	25	(468,791)	-
Interest received	8	354,745	55,328
Net cash used in investing activities		**(4,924,362)**	**(475,023)**
Cash flows from financing activities			
Dividends paid	29	(1,854,607)	(1,457,191)
Interest paid	13	(72,113)	(357,671)
Net cash used in financing activities		**(1,926,720)**	**(1,814,862)**
Cash and cash equivalents for the year		**6,984,671**	**(51,388)**
Cash and cash equivalents at 1 January		2,492,069	2,543,457
Total cash and cash equivalents at end of the year	**24**	**9,476,740**	**2,492,069**

The accounting policies on pages 66 to 77, and the notes on pages 78 to 104 form an integral part of the Financial Statements.

Accounting Policies

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 about 62.19% of the issued share capital, while the remaining 37.81% is held by the Nigerian public.

The ultimate controlling party is Greenview International Corporation

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

1.1 The principal activity

The principal activity of the Company is the refining and sale of edible, refined, bulk and industrial salt, Vegetable Oil as well as Seasoning. The Company's products are sold through distributors across the country.

1.2 Financial period

The financial statements cover the financial year from January 1, 2017 to December 31, 2017 with comparatives for the year ended December 31, 2016.

1.3 Going concern status

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

2 Significant accounting policies

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

2.1 Statement of Compliance with IFRS

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

2.2 Basis of measurement

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

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

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

Accounting Policies

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

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

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

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

2.3 Functional and presentation currency

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

2.3.1 Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

2.4 Revenue recognition

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

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;

and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

2.5 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2.7 Taxation

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

Current tax

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

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

Deferred tax

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

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

Current and deferred tax are recognised in Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other comprehensive income or directly in equity respectively. Where current tax and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.8 Property, plant and equipment

2.8.1 Recognition and measurement

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

Accounting Policies

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

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

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

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

2.8.2 Subsequent costs

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

2.8.3 Depreciation

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

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

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

Buildings	50 years
Plant and machinery	15 years
Furniture and Fittings	5 years
Motor vehicles	4 years
Tools and Equipment	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 and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

2.9 Leases

Leases are classified as 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 an operating lease asset.
This liability is not discounted.

Any contingent rentals are expensed in the period they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Where there are no agreed lease terms, rent payable is recognised as incurred.

2.10 Intangible assets

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.

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.

Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

2.11 Inventories

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

Goods in transit are valued at the invoice price. Cost of 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. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.12 Provisions

Provisions are recognised when:

- the company has a present obligation 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 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 berecovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

2.12.1 Environmental costs

Costs incurred that result in future economic benefits, such as extending useful lives, increasing capacity or safety, and those costs incurred to mitigate or prevent future environmental contamination are capitalized. When the Company's management determine that it is probable that a liability for environmental costs exists and that its resolution will result in an outflow of resources, an estimate of the future remediation cost is recorded as a provision without contingent insurance recoveries being offset (only virtually certain insurance recoveries are recognized as an asset on the statement of financial position). When 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 assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification

The Company classifies financial assets into the following specified categories:

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

Classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All regular purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. The Company's financial assets comprise loans and receivables.

Initial recognition and measurement

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

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

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Subsequent measurement

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

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial instruments designated as loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

For all categories of financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is becoming probable that the owner will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with a default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The derecognises financial liabilities when, and only when the 0.73 billion obligations are discharged, cancelled, or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid, and payable is recognised in 0.74 billion.

Cash and cash equivalents

Cash and cash equivalents consist of cash, highly liquid investments and cash equivalents which are not subject to significant changes in value and with an original maturity date of generally less than three months from the time of purchase.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' (FVTPL) or other liabilities.

Accounting Policies

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term or on initial recognition;
- it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short term profit taking;
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses' line item.

Bank overdraft and borrowings

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when the Company's obligations are discharged, cancelled, or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid, and payable is recognised in profit or loss.

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

Loans to group companies are classified as loans and receivables.

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

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

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

2.14 Borrowing costs
Borrowing costs 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 of 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.

3 Critical accounting judgement and key sources of estimation uncertainty
In the application of the Company's significant accounting policies, described in Note 3, the Directors' are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

3.1.1 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.

3.1.2 Allowances for credit losses

The Company periodically assesses its trade receivables for probability of credit losses. Management considers several factors including past credit record, current financial position and credibility of management, judgment is exercised in determining the allowances made for credit losses.

Provisions are made for receivables that have been outstanding for 365 days, in respect of which there is no firm commitment to pay by the customer.

Furthermore all balances are reviewed for evidence of impairment and provided against once recovery is doubtful. These assessments are subjective and involve a significant element of judgment by management on the ultimate recoverability of amounts receivable.

3.1.3 Impairment Assessment on Vegetable Oil and Tomato Paste Plants

Determining whether an asset is impaired requires an estimation of the value in use of the cash generating units. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Where the actual future cash flows are less than expected, a material impairment loss may arise. during the year, the Director carried out an impairmrnt assessment of the Vegetable Oil and Tomato Paste Plant. The carrying amount of the plants as at 31 December, 2017 was N2.76 billion (31 December, 2016 N2.94 billion). Based on the assessment carried out, the two plants are not impaired.

The following were the judgements and assumptions made by the Directors.

- Risk free rate of 14.12%. The yield to maturity of the 10 year FGN bond has been adopted as proxy for risk free rate on the Naira cash flows expected to be generated by the plants.
- Equity risk premium of 11.42% representing the returns investors expect above the risk-free rate, as compensation for taking extra risk by investing in the equity securities.
- Beta estimate of 0.89. Our beta estimate reflects the correlation between the returns reported by companies in the food processing industry relative to the rest of the equities market.
- Debt to equity ratio of 45.75%, representing the average capital structure adopted by companies operating within the food processing industry.
- 4% company specific premium to compensate for the specific risks potentially inherent in Nascon Allied Industries Plc Limited's operations.
- Key drivers of the business are Governments focus on backward integration which will improve sourcing of raw materials and Dangote group's agricultural backward integration program.
- Pre tax interest rate on loan is 20% while tax rate is 32% (corporate tax of 30% and education tax of 2%).

Notes to the Financial Statements

4. New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to IFRS 12: Annual Improvements to IFRS 2014 - 2016 cycle	January 1, 2017	The impact of the standard is not material.
Amendments to IAS 7: Disclosure initiative	January 1, 2017	The impact of the standard is not material.
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017	The impact of the amendments is not material.

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, 2018 or later periods:

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

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

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

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

Insurance Contracts

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

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

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

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

Uncertainty over Income Tax Treatments

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

Notes to the Financial Statements

Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

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

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

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

IFRS 16 Leases

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.

Notes to the Financial Statements

Company as lessor:

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

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

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

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

Sale and leaseback transactions:

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle
The amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards deleted certain short term

exemptions concerning disclosures of financial assets, employee benefits and investment entities from IFRS 1.

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

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

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

Transfers of Investment Property: Amendments to IAS 40
The amendment deals specifically with circumstances under which property must be transferred to or from investment property.

The amendment now requires that a change in use of property only occurs when the property first meets, or ceases to meet, the definition of investment property and that there is evidence of a change in use. The amendment specifies that a change in management's intentions for use of the property, do not, in isolation, provide evidence of a change in use.

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

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

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

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

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

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

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

Amendments to IFRS 4: Insurance Contracts
The amendment provides a temporary exemption that permits, but does not require, insurers, under specified criteria, to apply IAS 39 Financial Instruments: Recognition and Measurement, rather than IFRS 9 Financial Instruments for annual periods beginning before 1 January 2021. The exemption is only available provided the insurer has not previously applied any version of IFRS 9 (with some exceptions) and that the activities are predominantly connected with insurance.

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

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

Additional disclosures are required as a result of the amendment.

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

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

It is unlikely that the amendment will have a material impact on the company’s financial statements because the Company is not in business of insurance.

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

The exemption also introduces an “overlay approach” in specific circumstances. This approach requires the insurer to reclassify an amount between other comprehensive income and profit or loss. This results in the profit or loss for designated financial assets being the same as if the insurer had applied IAS 39 rather than IFRS 9.

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

The company expects to adopt the amendment for the first time in the 2017 financial statements.

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

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
The amendment now specifies the treatment of vesting and non-vesting conditions with regards to cash-settled share-based payment transactions. The treatment is essentially similar to the treatment of such conditions for equity-settled share-based payment transactions. That is, non-market vesting conditions are taken into consideration when estimating the number of awards which are expected to vest (and which ultimately vest), while market conditions and other non-vesting conditions are taken into consideration when determining the fair value of the share based payment liability, both initially and subsequently.

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

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

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

The company expects to adopt the amendment for the first time in the 2017 financial statements.

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

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

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

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

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

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments:

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

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

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

(a) Classification and measure:
The Company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.
Bank balances, trade receivables as well as other receivables that qualify as financial instruments under IFRS 9 are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.
(b) Impairment:
IFRS 9 requires the Company to record expected credit losses on all of its' for all its instruments to be measured at amortized cost or fair value through OCI within the scope of IFRS impairment, either on a 12-month or lifetime basis.

The Company will apply the simplified approach and record lifetime expected losses on all trade receivables and similar assets.
The Company has estimated its loss allowance under the expected credit loss model and determined that the impact of IFRS 9 impairment on its financial statements based on the receivables exposure as at 31 December 2017 is insignificant.

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

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

Identify the contract(s) with a customer

Identify the performance obligations in the contract

Determine the transaction price

Allocate the transaction price to the performance obligations in the contract

Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

c. Presentation and disclosure requirements
The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly

increases the volume of disclosures required in the financial statements. However, this will have no material impact on the Company's financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018. In addition, as required by IFRS 15, the Company will disaggregate revenue recognised.

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

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

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

	2017	2016
5. Revenue	**₦'000**	**₦'000**
Revenue (Note 5.1)	23,205,584	15,855,872
Freight income (Note 5.3)	3,858,741	2,435,920
	27,064,325	**18,291,792**

5.1 The amount represents revenue realised during the year on the sale of edible, refined, bulk, industrial salt as well as Seasoning and Vegetable Oil.

5.2 None of the major customers contributed up to 10% of the total revenue earned in the year ended December 31, 2017.

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

5.3 The Company provides freight services to customers by transporting Salt and Vegetable Oil purchased to their destinations. Freight income represents revenue earned in respect of this during the year. The associated cost of running the freight services is rendered in cost of sales.

Distributors

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

6. Segmental information

The company has identified 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

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 equity-settled share-based payments and unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to operating segments, as this type of activity is driven by the central treasury function. The results of discontinued operations are not included in the measure of EBITDA. This measure is consistent with all prior periods which are presented.

Transactions between related Companies take place at arms length.

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.

2017

		Revenue	
	Segment revenue	Segment cost of sales revenue	Segment Profit
	₦'000	₦'000	₦'000
Salt	22,247,384	(11,620,182)	10,627,202
Seasoning	765,296	(639,564)	125,732
Tomato Paste	-	(32,840)	(32,840)
Vegetable Oil	192,904	(335,623)	(142,719)
Freight income	3,858,741	(4,442,101)	(583,360)
Total	**27,064,325**	**(17,070,310)**	**9,994,015**

2016

		Revenue	
	Segment revenue	Segment cost of sales revenue	Segment Profit
	₦'000	₦'000	₦'000
Salt	14,823,697	(8,206,653)	6,617,044
Seasoning	544,458	(453,779)	90,679
Tomato Paste	8,342	(50,386)	(42,044)
Vegetable Oil	479,375	(701,411)	(222,036)
Freight income	2,435,920	(2,961,869)	(525,949)
Total	**18,291,792**	**(12,374,098)**	**5,917,694**

Notes to the Financial Statements

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.

Investments in shares held by the company and 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 from the 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 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.

2017	Total assets ₦'000	Total liabilities ₦'000
Salt	22,287,531	13,659,538
Seasoning	1,175,305	180,986
Tomato Paste	517,862	-
Vegetable oil	2,245,256	-
Freight	3,897,293	2,813,376
Total	**30,123,247**	**16,653,900**
Unallocated		
Retirement benefit obligation	-	222,134
Deferred tax	-	1,712,001
Total as per statement of financial position	**30,123,247**	**18,588,035**

2016	Total assets ₦'000	Total liabilities ₦'000
Salt	19,219,804	14,660,205
Seasoning	2,041,329	254,865
Tomato Paste	548,244	-
Vegetable oil	2,245,837	-
Freight	548,053	248,453
Total	**24,603,267**	**15,163,523**
Unallocated		
Retirement benefit obligation	-	249,635
Deferred tax	-	1,143,882
Total as per statement of financial position	**24,603,267**	**16,557,040**

Notes to the Financial Statements

Geographical information	2017 Revenue by location of customer ₦'000	2016 Revenue by location of customer ₦'000
East	2,297,150	1,178,218
West	5,697,629	5,091,447
North	19,069,546	12,022,127
Total	**27,064,325**	**18,291,792**

7. Cost of sales	2017 ₦'000	2016 ₦'000
Direct material cost	10,148,410	7,231,144
Direct labour cost (Note 14)	886,686	822,450
External haulage	3,285,123	2,535,489
Depreciation	1,471,697	767,389
Loading	107,438	108,048
Manufacturing expenses	1,170,956	909,578
	17,070,310	**12,374,098**

8. Investment income

Interest income		
Bank deposits	671	340
Fixed deposit	309,776	54,988
Treasury bills (Note 25)	44,298	-
	354,745	**55,328**

The interest income on bank deposits were earned at the average rate of 2017: 9.9% (2016: 11%).

9. Other income

Sale of scrap	1,292	4,987
Insurance claim	10,004	125
Credits no longer required	-	13,372
	11,296	**18,484**

Credits no longer required in prior year balance relate to bank overdraft and accruals for which there were no existing liabilities as at year end.

Notes to the Financial Statements

10. Operating expense

10.1 Distribution Expenses	2017 ₦'000	2016 ₦'000
Market activation	177,772	123,286
Branding expenses	426,946	514,903
	604,718	**638,189**

10.2 Administrative expenses		
Management fees	90,839	141,728
Auditors remuneration	17,400	17,400
Provision for bad debts	42,454	74,931
Bank charges	30,513	32,038
Cleaning	21,330	15,525
Consulting and professional fees	25,551	30,897
Depreciation (Note 11)	208,551	153,140
Amortisation (Note 11)	47,374	93,810
Directors' remuneration	170,744	144,138
Employee costs	671,412	431,323
Entertainment	13,599	12,800
Business development	18,194	10,809
Insurance	27,431	26,186
Rent and rates	10,584	17,225
Petrol and oil	15,150	11,999
Printing and stationery	14,224	19,780
Loss on sale of assets	1,868	22,171
Repairs and maintenance	39,135	28,985
Secretarial fees	110,098	39,024
Security	23,911	18,322
Staff welfare	51,141	33,196
Telephone and fax	82,224	57,983
Travel - local	35,535	38,812
Travel - overseas	4,475	7,093
	1,773,737	**1,479,315**

11. Depreciation, amortisation and impairments

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

Total depreciation, amortisation and impairments

Depreciation (Administrative expenses)	208,551	153,140
Depreciation (Cost of sales)	1,471,698	767,391
	1,680,249	**920,531**
Amortisation	47,374	93,810
	1,727,623	**1,014,341**

12. Auditors' remuneration

Fees	17,400	17,400

13. Finance costs

Interest on borrowings	72,113	357,671

Notes to the Financial Statements

The finance cost represent the interest on loan obtained from the parent company (Dangote Industries Limited) which has been repaid as at year end.

Capitalisation rates used during the period were 15% on specific borrowings for capital projects and 15% being the weighted average cost of funds borrowed generally by the company.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to ₦72.1 million (2016: ₦357.7 million)

14. Employee costs

The following items are included within employee benefits expense:

	2017 ₦'000	2016 ₦'000
Direct labour costs (Cost of sales Note 7)		
Basic	541,449	483,126
Medical aid - company contributions	19,688	30,428
Other payroll levies	4,073	3,426
Leave pay provision charge	20,334	18,852
Short term benefit	254,834	241,509
Other short term costs	4,828	3,163
Post-employment benefits - Pension - Defined contribution plan	36,850	35,290
Termination benefits	4,630	6,656
Direct labour cost (Cost of sales Note 7)	**886,686**	**822,450**

Indirect employee costs

Basic	351,597	171,245
Bonus	104,038	76,414
Medical aid - company contributions	4,900	8,817
Other payroll levies	14,918	13,160
Leave pay provision charge	13,259	15,563
Short term benefit	128,862	108,836
Other short term costs	31,061	18,694
Post-employment benefits - Pension - Defined contribution plan	22,366	18,594
Termination benefits	411	-
Admin expenses (Note 10)	**671,412**	**431,323**

Total employee costs		
Direct labour costs	886,686	822,450
Indirect employee costs	671,412	431,323
	1,558,098	**1,253,773**

Average number of persons employed during the year was:

	Number	Number
Management	40	29
Senior staff	170	124
Junior staff	337	332
	547	**485**

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

	Number	Number
₦0 - ₦5,000	530	472
₦5,001 - ₦10,000	17	13
	547	**485**

Notes to the Financial Statements

15. Operating profit

Operating profit for the year is stated after charging/(crediting) the following:

	2017 ₦'000	2016 ₦'000
Loss on sale of property, plant and equipment	1,868	22,171
Auditors remuneration	17,400	17,400
Amortisation on intangible assets	47,374	93,810
Depreciation on property, plant and equipment	1,680,248	920,529
Employee costs (excluding directors)	1,558,098	1,253,773
Directors' remuneration	170,744	144,138

16. Taxation

Major components of the tax expense

Current		
Local income tax	1,805,645	799,938
Education tax	192,131	73,337
	1,997,776	**873,275**
Deferred		
In respect of current year (Note 17)	568,120	227,873
	2,565,896	**1,101,148**

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. Corporation Tax and Education Tax is calculated at 30% and 2% respectively of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2017 ₦'000	2016 ₦'000
Profit before tax from continuing operations	7,909,488	3,516,331
Tax at the applicable tax rate of 30% (2016: 30%)	2,372,846	1,054,899
Education tax	192,131	73,337
Tax effect of adjustments on taxable income		
Effect of concessions (reseacrch and development and other allowances)	(10,133)	(11,089)
Additional assessment from tax audit	11,351	-
Effect of non - taxable expenses	(299)	(15,999)
	2,565,896	**1,101,148**
Current tax liabilities in the statement of financial position		
At January 1, 2017	872,225	529,162
Charge for the year	1,997,776	873,275
Payment during the year	(884,626)	(530,212)
At December 31, 2017	**1,985,375**	**872,225**

Notes to the Financial Statements

17. 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:

	2017 ₦'000	2016 ₦'000
Deferred tax liability	(1,820,647)	(1,247,743)
Deferred tax asset	108,646	103,861
Total net deferred tax liability	**(1,712,001)**	**(1,143,882)**
Reconciliation of deferred tax asset / (liability)		
At January 1, 2017	(1,143,882)	(916,009)
Temporary difference movement in the year	(568,120)	(227,873)
	(1,712,001)	**(1,143,882)**

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

Analysis of deferred tax is made up of

December 31, 2017 **Deferred tax (asset) or liability in relation to:**	**At January 1, 2017** **₦'000**	**Recognize in profit or loss** **₦'000**	**Recognize in other comprehensive income** **₦'000**	**At December 31, 2017** **₦'000**
Property, plant and equipment	1,247,742	572,905	-	1,820,647
Allowance for doubtful debt	(103,861)	(4,785)	-	(108,646)
	1,143,881	**568,120**	**-**	**1,712,001**

December 31, 2016 **Deferred tax (asset) or liability in relation to:**	**At January 1, 2016** **₦'000**	**Recognize in profit or loss** **₦'000**	**Recognize in other comprehensive income** **₦'000**	**At December 31, 2016** **₦'000**
Property, plant and equipment	1,251,037	(3,294)	-	1,247,743
Allowance for doubtful debt	(335,027)	231,166	-	(103,861)
	916,010	**227,872**	**-**	**1,143,882**

18. Earnings per share

	2017	2016
Basic earnings per share		
From continuing operations (kobo per share)	202	91
Reconciliation of profit or loss for the year to basic earnings		
	₦'000	**₦'000**
Profit or loss for the year attributable to equity holders of the parent	5,343,592	2,415,183
Adjusted for:		
After tax effect of preference dividends	-	-
	5,343,592	**2,415,183**
Weighted average number of ordinary shares as at 31 December 2017 ('000)	2,649,438	2,649,438

19. Property, plant and equipment

	Freehold land and buildings	Plant and machinery	Tools and equipment	Motor vehicles	Computer equipment	Furniture and fittings	Capital work-in progress	Total
	₦'000		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost								
Balance at 1 January, 2016	1,382,321	4,789,191	92,631	2,728,331	85,224	111,281	554,957	9,743,936
Additions	2,940	13,212	150,208	256,415	7,736	7,978	96,872	535,361
Disposals	-	-	-	(383,016)	-	-	-	(383,016)
Reclassification	-	176,401	22,092	32,381	-	-	(230,874)	-
Balance at December 31, 2016	1,385,261	4,978,804	264,931	2,634,111	92,960	119,259	420,955	9,896,281
Additions	30,192	95,926	130,225	4,469,949	24,784	12,263	52,023	4,815,362
Disposals	-	-	-	(22,382)	-	(3,819)	-	(26,201)
Reclassification	1,113	81,454	5,404	-	-	-	(87,971)	-
Adjustments (Note 19.2)	-	-	-	-	-	-	(55,682)	(55,682)
Balance at December 31, 2017	**1,416,566**	**5,156,184**	**400,560**	**7,081,678**	**117,744**	**127,703**	**329,325**	**14,629,760**
Accumulated depreciation and impairment								
Balance at 1 January, 2016	76,619	1,077,111	28,581	1,696,935	49,561	56,090	-	2,984,897
Depreciation	31,037	336,051	38,977	483,061	16,780	14,625	-	920,531
Disposals	-	-	-	(355,835)	-	-	-	(355,835)
Balance at December 31, 2016	107,656	1,413,162	67,558	1,824,161	66,341	70,715	-	3,549,594
Depreciation	28,013	345,137	74,789	1,199,951	18,138	14,221	-	1,680,249
Disposals	-	-	-	(16,749)	-	(2,538)	-	(19,287)
Balance at December 31, 2017	**135,669**	**1,758,299**	**142,347**	**3,007,363**	**84,479**	**82,398**	**-**	**5,210,555**
Carrying amount								
Balance at December 31, 2016	**1,277,605**	**3,565,642**	**197,373**	**809,950**	**26,619**	**48,544**	**420,955**	**6,346,688**
Balance at December 31, 2017	**1,280,897**	**3,397,885**	**258,213**	**4,074,315**	**33,265**	**45,305**	**329,325**	**9,419,203**

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

19.2 Adjustments to Capital work-in-progress
The adjustment in the current year represents cost of lease for Onne warehouse in Port Harcourt expensed during year and reversal of civil foundation work at the Apapa Vegetable Oil tank farm.

19.3 Asset Pledged as security
None of the Company's assets were pledged as security for any liabilities as at 31 December, 2017. (2016: Nil)

19.4 Impairment Assessment
An impairment assessment was carried out on the Vegetable Oil and Tomatoes Paste plant during the year. There was no impairment gain or loss recognised as at 31 December, 2017 (2016: Nil).

Notes to the Financial Statements

20. Intangible assets

Cost	Computer software ₦'000	Total ₦'000
Balance as at 1 January 2016	-	-
Additions	281,429	281,429
Balance as at December 31, 2016	281,429	281,429
Additions	-	-
Balance as at December 31, 2017	**281,429**	**281,429**
Amortization		
Balance as at January 1, 2016	140,245	140,245
Amortization expenses	93,810	93,810
Balance as at December 31, 2016	234,055	234,055
Amortization expenses	47,374	47,374
Balance as at December 31, 2017	**281,429**	**281,429**
Net Book Value		
Balance as at December 31, 2016	**47,374**	**47,374**
Balance as at December 31, 2017	**-**	**-**

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

21. Other assets	2017 ₦'000	2016 ₦'000
Prepayments:		
Rent prepaid	24,251	35,376
Insurance prepaid	1,425	1,884
Prepayment-Others	9,354	-
Deposit for import	2,103,156	2,780,893
	2,138,186	**2,818,153**
Non - current	1,838	5,513
Current	2,136,348	2,812,640
	2,138,186	**2,818,153**

22. Inventories

Raw materials	1,851,369	1,778,568
Finished goods	237,716	251,855
Spare parts and consumables	491,044	139,994
Oil and lubricants	51,951	43,256
Packaging materials	384,707	506,559
	3,016,787	**2,720,232**

22.1 Inventory pledged as security

No inventory was pledged as security for any liability.

The cost of inventories recognised as an expense during the year in respect of continuing operations was ₦10.148 billion (2016:₦7.231 billion).

Notes to the Financial Statements

23. Trade and other receivables	2017 ₦'000	2016 ₦'000
Trade receivables	585,116	285,836
Impairment for doubtful debts	(12,688)	(12,688)
	572,428	273,148
Amounts due from related parties (37.1)	4,390,775	9,745,773
Employee loans and advance	30,018	38,450
Other receivable (Note 23.1)	610,319	121,380
	5,603,540	10,178,751
	5,603,540	**10,178,751**

23.1 Other receivables

Other receivables include:		
Advance to vendors	652,773	120,978
Insurance claim receivables	-	402
Provision for doubful debt	(42,454)	-
	610,319	**121,380**

Trade and other receivables pledged as security
Trade receivables disclosed are carried at cost less allowance for doubtful debts.

The average credit period taken on sales of goods is 30 days. No interest is charged on outstanding trade receivables. It is the Company's policy to recognise a 100% allowance on receivables that are due for over 365 days based on management judgment that those receivables are unlikely to be recovered. Allowances for doubtful debts are recognised against trade receivables between 60 days and 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of their current financial position.

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

23.2 Credit quality of trade and other receivables

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

Movement in allowance for doubtful debt	2017 ₦'000	2016 ₦'000
At 1 January	12,688	803,701
Additions	-	74,931
Allowance written off	-	(803,701)
Transfers to related company (Note 37.1)	-	(62,243)
At 31 December, 2017	**12,688**	**12,688**

Notes to the Financial Statements

23.3 Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At December 31, 2017, N62.1 million (2016: N124.2 million) were past due but not impaired.
The ageing of amounts past due but not impaired is as follows:

	2017 ₦'000	2016 ₦'000
0 - 30 days	483,332	203,767
31 - 60 days	76,030	45,658
61 - 90 days	13,066	23,723
	572,428	**273,148**

Trade and other receivables impaired

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

	2017 ₦'000	2016 ₦'000
60 - 90 days	-	-
91 - 120 days	-	-
360+ days	12,688	12,688
	12,688	**12,688**

24. Cash and bank balances

Cash and cash equivalents consist of:

Cash on hand	7,495	7,165
Bank balances	9,469,245	2,484,904
	9,476,740	**2,492,069**

25. Other financial assets		
Short term investments	468,791	-

Current assets		
Short term investments	468,791	-

The short term investments represent shareholders unclaimed dividend invested in treasury bills earning 18.5% per annum (Note 8) and maturing 14 June, 2018.

26. Share capital	2017 ₦'000	2016 ₦'000
Authorised		
4,000,000,000 Ordinary shares of 50k each	2,000,000	2,000,000

Issued and fully paid		
2,649,438,378 ordinary shares of 50k each	1,324,719	1,324,719

27. Share premium
Issued

Share premium	434,037	434,037

Reconciliation of number of shares issued:		
Issue of shares – ordinary shares	156,793	156,793
Conversion of debentures	404,303	404,303
Less: Deferred charges written off	(127,059)	(127,059)
	434,037	**434,037**

Notes to the Financial Statements

	2017 ₦'000	2016 ₦'000
At 1 January	6,287,471	5,329,479
Profit for the year	5,343,592	2,415,183
Dividend declared and paid	(1,854,607)	(1,457,191)
	9,776,456	**6,287,471**

At the Annual General Meeting held on 4th May 2017, the shareholders approved that dividend of ₦0.70 amounting to ₦1.854 billion be paid to shareholders for the year ended December 31, 2016. In respect of the current year, the Directors propose that a dividend of ₦1.50 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 ₦3.974billion

29. Dividend payable

At 1 January	-	-
Dividend declared	1,854,607	1,457,191
Payments - Meristem Registrars	(1,854,607)	(1,457,191)
At 31 December, 2017	**-**	**-**

30. Borrowings
Held at amortised cost

Government grant	38,570	38,570
Non-current liabilities		
At amortised cost	38,570	38,570

At the time of privatisation in 1992, the debt owned 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.

31. Retirement benefits obligation
31.1 Movement in gratuity

At 1 January, 2017	249,635	300,514
Current service cost	-	-
Benefit paid out	(27,501)	(50,879)
Balance as at 31 December, 2017	**222,134**	**249,635**

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

However, the Board resolved to eliminate the scheme effective January, 2013. The balance as at 31 December, 2017 represent what is owned to staff who are still in the service from the old scheme.

As at December 31, 2017 no funds has been set up from which payments can be disbursed.

Notes to the Financial Statements

Defined contribution plan

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

Staff pension	2017 ₦'000	2016 ₦'000
At 1 January, 2017	8,317	7,192
Contributions during the year	135,078	97,227
Remittance in the year	(143,395)	(96,102)
At 31 December, 2017	**-**	**8,317**

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 ₦75.04 million (2016: ₦53.38 million) represents contributions paid to this plan by the Company as at December 31, 2017.

32. Trade and other payables	2017 ₦'000	2016 ₦'000
Trade payables	440,663	927,912
Amounts due to related parties (Note 37.1)	11,270,430	9,823,997
Value added tax	48,642	20,854
Witholding tax payable	18,181	37,333
Unclaimed dividend	468,791	-
Staff pension (Note 31.1)	-	8,317
Accrued audit fees	5,800	17,400
Other accrued expenses	1,168,054	488,921
Customers' deposit	1,186,993	2,890,342
Other payables	22,401	37,652
	14,629,955	**14,252,728**

Customers' deposit		
Trade payable	1,186,993	2,890,342
	1,186,993	**2,890,342**

Customers' deposits relate to amount deposited by customers for which delivery has not been made as at year end.

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.

Notes to the Financial Statements

33. Reconciliation of net income to net cash provided by operating activities	2017 ₦'000	2016 ₦'000
Profit before taxation	7,909,488	3,516,331
Adjustments for:		
Depreciation	1,680,248	920,529
Amortisation	47,374	93,810
Loss on sale of assets	1,868	22,171
Investment income	(354,745)	(55,328)
Finance costs	72,113	357,671
Allowance for doubtful debt	(42,454)	(74,931)
PPE Adjustment (Note 19)	55,682	-
Changes in working capital:		
Inventories	(296,555)	(787,230)
Trade and other receivables	4,617,667	(5,251,274)
Other assets	679,967	(2,757,790)
Retirement benefit obligation	(27,501)	(50,879)
Trade and other payables	377,227	6,835,629
	14,720,379	**2,768,709**

34. Categories of financial instruments

Assets		
Trade and other receivables	5,603,540	10,178,751
Cash and bank	9,476,740	2,492,069
	15,080,280	**12,670,820**
Liabilities		
Trade and other payables	14,629,955	14,252,728
	14,629,955	**14,252,728**

35. Risk management

35.1 Capital risk management

The capital structure of the company consists of net debt (which includes the borrowings disclosed in Note 30, 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.

35.2 Gearing ratios

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

35.3 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 Committees.

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.

35.4 Foreign currency, financial and credit risk

The Company is exposed to foreign currency, financial and credit risks. The parent Company's internal audit and risk management team is responsible for monitoring its exposure to each of the mentioned risks. This policy provides guidance over all treasury and finance related matters and is underpinned by delegated authority guidelines and detailed procedures. The main objectives of the policy are to ensure that sufficient liquidity exists to meet the operational needs of the business, to maintain the integrity and liquidity of the investment portfolio and to manage the impact of foreign exchange and interest rate volatility on the Company's net income.

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Foreign currency exposure at the end of the reporting period

	Liabilities		Assets	
	2017	2016	2017	2016
	₦'000	₦'000	₦'000	₦'000
US Dollars	4,746,740	2,218,607	4,779,249	9,613,434

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 balance sheet 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.

	2017	2016
	₦'000	₦'000
Naira strengthens by 3% against the US dollar Profit / (loss)	975	233,861
Naira weakens by 3% against the US dollar Profit / (loss)	(975)	(233,861)

35.5 Sensitivity analysis for 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

35.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy 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 96% 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 credit risk at the reporting date was:

	2017 ₦'000	2016 ₦'000
Trade receivables	572,428	273,148
Other receivables	610,319	121,380
Cash and cash equivalents	9,476,740	2,492,069
Employee loans and advance	30,018	38,450
Amount due from related party	4,390,775	9,745,773

35.7 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.

35.8 Liquidity risk management

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

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

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

At December 31, 2016	0 – 3 months	3 – 6 months	Total
	₦'000	₦'000	₦'000
Trade payables	823,920	103,887	927,807
Other payables	3,442,313	58,506	3,500,819
Due to related parties	2,910,464	6,913,533	9,823,997
Government grant	-	38,570	38,570
	7,176,697	**7,114,496**	**14,291,193**

36. Fair value information

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

	Book value		Fair value	
	2017	2016	2017	2016
Financial asset	₦'000	₦'000	₦'000	₦'000
Trade and other receivables	5,603,540	10,178,751	5,603,540	10,178,751
Cash and bank	9,476,740	2,492,069	9,476,740	2,492,069
Financial liabilities				
Trade and other payables	14,629,955	14,252,728	14,629,955	14,252,728
Employee benefit	222,134	249,635	222,134	249,635
Government grant	38,570	38,570	38,570	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.

37. Related parties

37.1 Related party balances

Intercompany receivables	2017	2016
Parent and ultimate controlling party	₦'000	₦'000
	-	-
Other related party receivables		
Dangote Pasta Limited	7,918	7,918
Dangote Sugar Refineries	13,250	46,371
Dangote Noodles Limited	5,044	8,346
Dangote Head office	5,118	-
Dangote Cement - Ibeshe	2,206	22,394
Dangote Cement - Gboko	4,320	4,320
West African Popular Foods	62,243	124,486
Bulk Commodities Ltd	4,352,919	9,594,181
Provision for doubtful related party receivables (Note 23.2)	(62,243)	(62,243)
	4,390,775	**9,745,773**

Notes to the Financial Statements

Intercompany payables	2017 ₦'000	2016 ₦'000
Parent and ultimate controlling party		
Dangote Industries Limited (Parent)	3,843,262	6,301,212
Other related party payables		
Green view Development Company Limited	7,220	-
Dansa Foods Limited	300	300
Dangote Cement	24,194	29,474
Dangote Flour	19,108	-
Agrosack Ltd	33,271	141,741
Dangote Transport	22,962	22,962
Central TPT Parts Store	75,977	139,009
Dangote Head office	2,514,113	1,007,483
Dangote Refinery	14,711	-
Benue Cement	81,922	81,922
Benue Cement-Truck scheme	54,398	54,398
DANCOM	1,451	5,247
Bulk Commodities Ltd	4,577,541	2,040,249
	11,270,430	**9,823,997**

Relationships

Benue Cement	Fellow subsidiary, provides trucks for NASCON
Bulk Commodities International Inc.	Entity controlled by DIL, purchases raw salt for NASCON
Central TPT Parts Store	Entity controlled by DIL, purchases and sells 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
Dangote Flour Mills Plc	Fellow subsidiary, NASCON reimburses entity for expenses
Dangote Foundation	Fellow subsidiary, engages in philanthropy
Dangote Industries Limited	Major shareholder of NASCON, provides short term financing and receives management fees for shared services
Dangote Noodles Limited	Fellow subsidiary, buys Table Salt from NASCON
Dangote Oil Refinery	Fellow subsidiary, NASCON purchases equipment
Dangote Pasta Limited	Fellow subsidiary, NASCON provides haulage services
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
Dansa Foods Limited	Entity controlled by a Director of DIL, provides beverages
Greenview Development Nigeria Limited	Fellow subsidiary, provides port and terminal services to NASCON
Greenview International Limited	Ultimate holding company
Obajana Cement	Fellow subsidiary, NASCON provides haulage services
West African Popular Foods	JV with Unilever, purchased and sold Annapurna Salt

Dangote Industries Limited (DIL) performed certain administrative services for the Company for which a management fee of ₦90.8 million (2016: ₦141.7 million) was charged, being an appropriate allocation of costs incurred by relevant administrative departments.

In addition to the above, interest of ₦72 million was paid to DIL for the loan of (₦4.5 billion at 15% interest) obtained by the Company in 2016, which has been fully paid in February, 2017. The loan was included in balance due to DIL in 2016.

	2017 ₦'000	2016 ₦'000
Compensation to directors and other key management		
Short-term employee benefits	170,744	144,138
Post-employment benefits - Pension - Defined contribution plan	-	-
Long-term benefits - incentive scheme	-	-
Termination benefits	-	-
Share-based payment	-	-
	170,744	**144,138**
Directors fee and expenses		
Directors Fees	17,457	18,150
Directors Expenses	153,287	125,988
	170,744	**144,138**

The number of Directors with gross emoluments within the bands stated below were:		
₦'000	**2017**	**2016**
0 — 10,000	**-**	**-**
10,001 — 20,000	8	8
20,001 — 30,000	-	-
30,001 and above	2	2
	10	**10**

38. Commitments

The Company's total capital commitments as at December 31, 2017 amounted to ₦2.1 billion in respect of purchase of raw salt and Oregun plant rehabilitation (2016: ₦2.8 billion).

39. Contingent assets and Contingent liabilities

39.1 Pending litigation and claims.

There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal conusels. The contingent liabilities in respect of pending litigation and claims amounted to ₦17.1million as at December 31, 2017 (2016 - ₦17.1 million). In the opinion of the Directors and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claim, thus no provision has been made in these financial statements.

39.2 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.

40. 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 December 31, 2017 that have not been taken into account in these financial statements.

41. Approval of Financial statements

The Board approved the financial statements during its meeting of March 5, 2018.

Other National Disclosures-
Value Added Statement

	2017 ₦'000	2017 %	2016 ₦'000	2016 %
VALUE ADDED				
Turnover: Local	27,064,325		18,291,792	
Export	-		-	
Interest received	354,745		55,328	
Other income	11,296		18,484	
Bought - in materials and services				
- Local	(3,510,160)		(4,511,543)	
- Foreign	(12,482,144)		(7,567,809)	
Total Value Added	**11,438,062**	**100**	**6,286,252**	**100**
VALUE DISTRIBUTED				
To Pay Employees				
Salaries, wages, medical and other benefits	1,728,842		1,397,911	
	1,728,842	**15**	**1,397,911**	**22**
To Pay Providers of Capital				
Finance costs	72,113		357,671	
	72,113	**1**	**357,671**	**6**
To Pay Government				
Income tax	1,997,776		873,275	
	1,997,776	**17**	**873,275**	**14**
To be retained in the business for expansion and future wealth creation:				
Depreciation, amortisation and impairment	1,727,622		1,014,339	
Deferred tax	568,120		227,873	
	2,295,742	**20**	**1,242,212**	**20**
Value retained				
Retained profit	5,343,590		2,415,183	
	5,343,590	**47**	**2,415,183**	**38**
Total Value Distributed	**11,438,062**	**100**	**6,286,252**	**100**

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

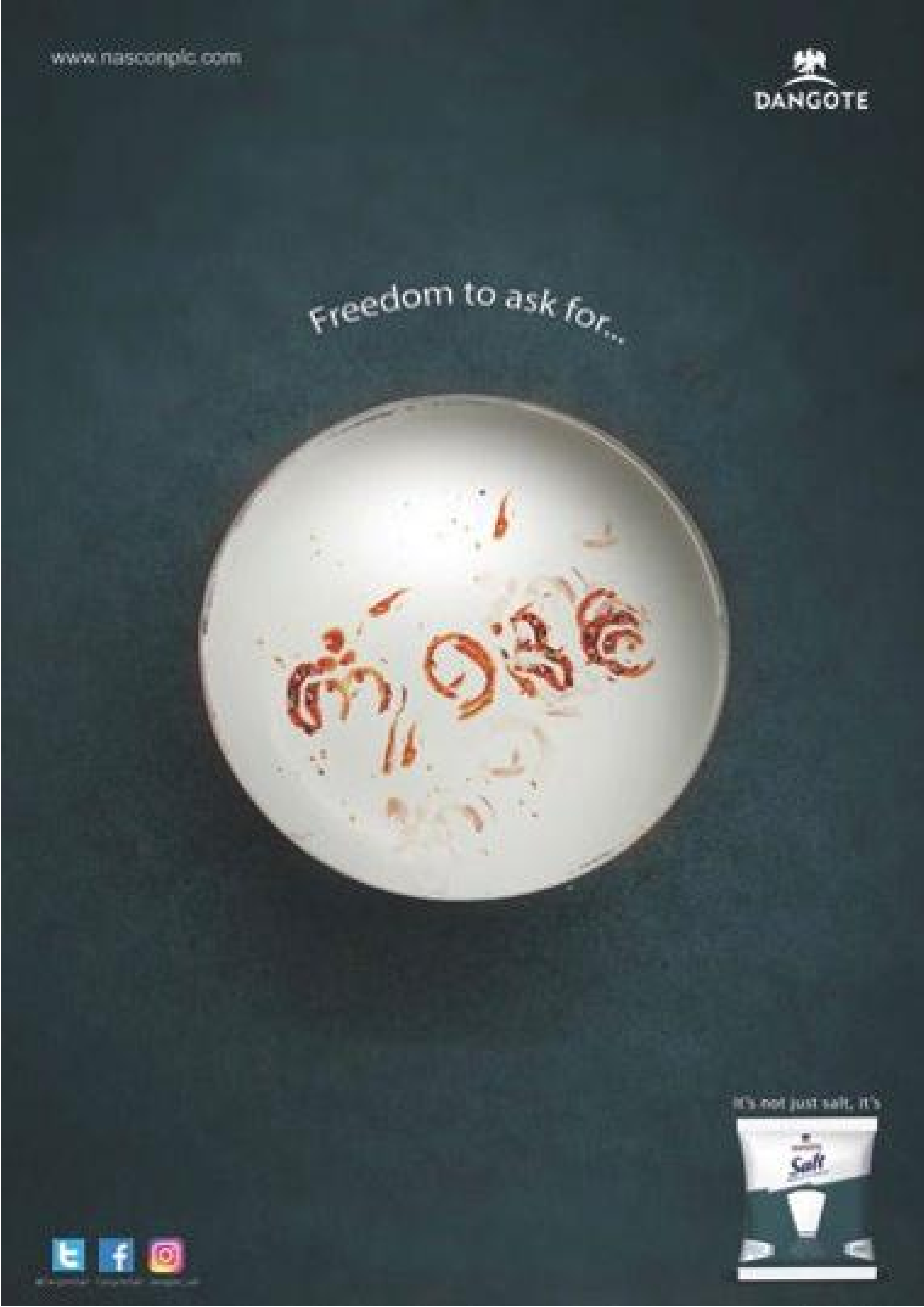
This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004.

Other National Disclosures- Five Year Financial Summary

	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000
Statement of Financial Position					
Assets					
Non-current assets	9,421,041	6,399,575	6,909,411	6,933,017	5,749,056
Current assets	20,702,206	18,203,692	9,385,415	5,622,868	5,682,111
Total assets	**30,123,247**	**24,603,267**	**16,294,826**	**12,555,885**	**11,431,167**
Liabilities					
Non-current liabilities	1,972,705	1,432,087	1,255,093	902,464	731,825
Current liabilities	16,615,330	15,124,953	7,951,497	5,346,115	3,806,716
Total liabilities	**18,588,035**	**16,557,040**	**9,206,590**	**6,248,579**	**4,538,541**
Equity					
Share capital	1,324,719	1,324,719	1,324,719	1,324,719	1,324,719
Share premium	434,037	434,037	434,037	434,037	434,037
Retained income	9,776,456	6,287,471	5,329,480	4,548,550	5,133,870
Total equity	**11,535,212**	**8,046,227**	**7,088,236**	**6,307,306**	**6,892,626**
Total equity and liabilities	**30,123,247**	**24,603,267**	**16,294,826**	**12,555,885**	**11,431,167**
Profit and loss account					
Revenue	27,064,325	18,291,792	16,178,197	11,250,544	10,837,261
Profit before taxation	**7,909,488**	**3,516,331**	**3,017,563**	**2,856,399**	**4,038,405**
Taxation	(2,565,896)	(1,101,148)	(911,918)	(1,338,863)	(1,270,030)
Profit for the year	**5,343,592**	**2,415,183**	**2,105,645**	**1,867,038**	**2,699,542**
Per share data (Kobo)					
Earnings per share (Basic)	202	91	79	70	102
Earnings per share (Diluted)	202	91	79	70	102
Net assets per share	436	304	268	238	260

Earnings per share is based on profit after tax and the number of issued and fully paid ordinary shares at the end of each financial year.

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act (CAMA) requirement.


www.nasconplc.com
DANGOTE
Freedom to ask for...
It's not just salt, it's
Salt

Data on Claimed/Unclaimed Dividends

AS AT DECEMBER 31, 2017

Dividend Year	Payment Date	Dividend No.	Amount Declared ₦	Total Claimed ₦	Total Unclaimed ₦
2007	07/17/2008	1	883,146,126.00	864,450,815.66	18,695,310.34
2008	10/05/2009	2	1,059,775,351.20	1,034,665,069.80	25,110,281.40
2009	10/04/2010	3	1,324,719,189.00	1,286,246,607.65	38,472,581.35
2010	07/11/2011	4	1,324,719,189.00	1,290,353,340.79	34,365,848.21
2011	06/07/2012	5	1,854,606,865.00	1,779,699,053.79	74,907,811.21
2012	06/17/2013	6	2,384,494,540.20	2,291,937,723.52	92,556,816.68
2013	06/24/2014	7	2,384,494,540.20	2,278,601,925.01	105,892,615.19
2014	06/12/2015	8	1,324,719,189.00	1,269,208,367.06	55,510,821.94
2015	05/23/2016	9	1,457,191,107.90	1,402,308,259.90	54,882,848.00
2016	07/09/2017	10	1,854,606,864.60	1,790,253,154.86	64,353,709.74

Share Capital History

Year	AUTHORISED NOMINAL VALUE		ISSUED AND PAID-UP					
			Other than by bonus		Bonus issue		Total	
	No. of shares '000	Amount ₦'000	No. of shares '000	Amount ₦'000	No. of shares '000	Amount ₦'000	No. of shares '000	Amount ₦'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

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 2017 will hold on Thursday 3rd May, 2018 at the Civic Centre Ozumba Mbadiwe Road Victoria Island Lagos at 11.00 am prompt to transact the following business:

1] To lay before the Meeting the audited financial statements for the year ended 31st December, 2017 along with the Directors report, the reports of the Auditors and the Audit Committee thereon for the year ended 31st December, 2017.
2] To declare a Dividend.
3] To re-elect Directors retiring by rotation
4] To appoint new Company Auditors.
5] To authorize the Directors to fix the remuneration of the Auditors.
6] To appoint members of the Audit Committee.
SPECIAL BUSINESS.
7] To fix the remuneration of the Directors for the year ending 31st December 2018

PROXY

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

DIVIDEND & e- DIVIDEND MANDATE

a) The Board recommends for the approval of shareholders, the payment of a dividend of N1:50K per ordinary share of 50 Kobo each, out of the profits declared in the financial year ended 31st December, 2017 and which will be subject to withholding tax at the appropriate rate
b) If approved, the dividend will be payable on Tuesday, May 8, 2018 to shareholders whose names are in the Company Register on Thursday 19th April 2018.
c) shareholders who have completed the e-Dividend Mandate Form will receive a direct credit of the Dividend into their bank accounts.
d) Shareholders are kindly requested to update their records and advise Meristem Registrars of their updated records and relevant bank accounts for the payment of their dividends.
e) Detachable forms in respect of mandate for e-dividend payment, unclaimed/stale dividend payment and shareholder's data are attached to the Annual Report for convenience. The aforementioned forms can also be downloaded from NASCON's website at www.nasconplc.com or from Meristem Registrars website, www.meristemregistrars.com
f) The duly completed forms should be returned to Meristem Registrars Ltd at No 213 Herbert Macaulay Way Adekunle. Yaba Lagos.

NOTES

1] CLOSURE OF REGISTER AND TRANSFER BOOKS
NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed on Friday 20th April and Monday 23rd April 2018.

2] AUDIT COMMITTEE
In accordance with Section 359(5) of the Companies and Allied Matters Act CAP C20 LFN 2004, a nomination (in writing) by any member or shareholder for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the Annual General Meeting. The Audit Committee comprises three shareholders and three Directors.

3] RIGHTS OF SHAREHOLDERS TO ASK QUESTIONS.
Securities' holders have a right to ask questions not only at the Meeting but also in writing prior to the Meeting and such questions must be submitted to the Company on or before Wednesday 25th April 2018

BY ORDER OF THE BOARD

ADEDAYO SAMUEL
Company Secretary
FRC/2016/NBA/00000015291
Dated this 3rd day of March, 2018
NASCON Allied Industries
Union Marble House
1, Alfred Rewane Road
Falomo, Ikoyi,
Lagos, Nigeria.

Directors, Officers and Professional Advisers

Country of incorporation and domicile Nigeria

Nature of business and principal activities

Principal activities of the Company during the year include processing of raw salt into refined, edible and industrial salt. The company also produces Seasoning, Tomato Paste and Vegetable Oil.

Directors	'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	Director
	Knut Ulvmoen	Director
	Fatima Wali-Abdurrahman	Director
Company Secretary	Adedayo Samuel	
Registered office	Salt City, Ijoko Ota, Ogun State	
Registrar And Transfer Office	Meristem Registrars Limited 213, Herbert Macaulay, Way Adekunle, Yaba, Lagos	
Auditors	Deloitte & Touche Chartered Accountants Civic Towers, Plot GA 1 Ozumba Mbadiwe Avenue, Victoria Island, Lagos	
Ultimate holding company	Greenview International Corporation	
Bankers	Access Bank Plc Diamond Bank Plc Ecobank Limited Fidelity Bank Plc GTBank Plc Jaiz Bank Limited Skye Bank Plc UBA Plc Union Bank Plc Zenith Bank Plc	

Corporate Information

Capital Market Information
NASCON Allied Industries is listed on the main board of the Nigerian Stock Exchange (NSE)
Each share carries one voting right

NSE ticker symbol	NASCON
ISIN	NGNASCON0005
Bloomberg Code	NASCON:NL
Reuters Code	NASCON:LG
Date listed	20 October,1992
Market Capitalization (31/12/17)	₦50,922,205,625
Outstanding shares	2,649,438,378
Free float	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

Registrar and Transfer Office
Meristem Registrars Limited
213, Herbert Macaulay Way,
Adekunle, Yaba, Lagos
Tel: 01-8920491-2; 01-2809250-3
E-mail: info@meristemregistrars.com

For more Information please contact

Corporate Communications
Anthony Chiejina
+234 (1) 448 0815
anthony.chiejina@dangote.com

Investor Relations
Eyitope Olumudi
+234 (0) 807 049 2706
Morayo Tukuru
+234 (0) 807 049 4389
investors.nascon@dangote.com

Website
www.nasconplc.com

Board and Committee Meeting Dates & Attendance

Board Meetings

Members	24/01	28/03	27/04	04/05	28/07	23/10	18/12
'Yemisi Ayeni	✔	✔	✔	✔	✔	✔	✔
Paul Farrer	✔	✔	✔	✔	✔	✔	✔
Fatima Aliko-Dangote	✔	✔	✔	✔	✔	✔	✔
Olakunle Alake	✔	✔	✔	✔	✔	✔	✔
Halima Aliko-Dangote*	✔	✔	✔	✔	✔	X	X
Abdu Dantata	X	✔	✔	✔	✔	✔	✔
Sada Ladan-Baki**	X	✔	✔	✔	✔	X	X
Chris Ogbechie	✔	✔	✔	✔	✔	✔	X
Knut Ulvmoen	✔	✔	✔	✔	✔	✔	✔
Fatima Wali-Abdurrahman	✔	✔	X	✔	✔	✔	✔

Finance, Risk and Audit Committee

Members	20/01	27/03	26/04	27/07	18/10
Chris Ogbechie	✔	✔	✔	✔	✔
Paul Farrer	✔	✔	✔	✔	✔
Fatima Aliko-Dangote	✔	✔	✔	✔	✔
Olakunle Alake	✔	✔	✔	✔	✔
Halima Aliko-Dangote*	X	✔	X	✔	✔
Abdu Dantata	✔	✔	✔	✔	✔
Sada Ladan-Baki**	✔	✔	✔	✔	✔

Establishment and General Purpose Committee

Members	20/01	26/04	27/07	19/10
Knut Ulvmoen	✔	✔	✔	✔
Paul Farrer	✔	✔	✔	✔
Fatima Aliko-Dangote	✔	✔	✔	✔
Halima Aliko-Dangote *	✔	X	X	✔
Fatima Wali-Abdurrahman	✔	✔	✔	✔

Statutory Audit Committee

Members	01/02	28/03	06/6	31/07	24/10
Okey Nwuke	✔	✔	✔	✔	✔
Umar Farouk	✔	✔	✔	✔	✔
Kudaisi Ayodele Sarat	✔	✔	✔	✔	✔
Halima Aliko-Dangote*	✔	✔	✔	✔	X
Abdu Dantata	✔	✔	✔	✔	✔
Chris Ogbechie	✔	✔	X	✔	✔

*Halima Aliko-Dangote was on an approved leave of absence.
**Sada Ladan-Baki was on approved work assignment with a related party company.

KEY

✔ - Present in meeting
X - Absent from meeting

Affix Current Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

MERISTEM
REGISTRARS AND PROBATE SERVICES LIMITED

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

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	
	CONOIL PLC	
	CONSOLIDATED HALLMARK INS. PLC	
	CUSTODIAN & ALLIED 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; email: info@meristemregistrars.com

Proxy Form

NASCON Allied Industries Plc Rc: 11364

The Annual General Meeting to be held at the Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, on Thursday, May 3, 2018 at 11:00 a.m.

I/WE ....

of ....

being a shareholder of NASCON Allied Industries Plc hereby appoint .... or failing him/her .... or ....

as my/our Proxy to act and vote for me/us on my/our behalf at the 2017 Annual General Meeting to be held on 3rd May, 2018 and at any adjournment thereof.

Dated the .... 2018 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 applicable)	1.	To receive the audited Financial Statements for the year ended 31st December, 2017, the Reports of Directors, Auditors, and the Audit Committee thereon;		
	2.	To declare a dividend;		
	3.	To re-elect the following retiring Directors: • Olakunle Alake • Halima Aliko Dangote • Prof. Chris Ogbechie		
	4.	To appoint new Auditors for the Company		
	5.	To authorize the Directors to fix the remuneration of the Auditors		
	6.	To elect the members of the Audit Committee		
	7.	**SPECIAL BUSINESS** To approve the remuneration of the non-executive Directors for the year ending December 31, 2018.		
		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.		

This proxy form should NOT be completed and sent to the registered office if the member will be attending the meeting.

Note:

iI. A member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint to a proxy in his stead. All proxy form should be deposited at the registered office of the Registrar (as in notice) not later than 48 hours before the meeting.

II. In the case of joint shareholders, any of them may complete the form, but the names of all joint shareholders must be stated.

III. If the shareholder is a corporation, this form must be executed under its Common Seal or under the hand of some officers or an attorney duly authorized.

IV. The proxy must produce the admission card sent with the notice of the meeting to gain entrance to the meeting.

V. It is a legal requirement that all instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear appropriate stamp duty from the Stamp Duties office (not adhesive postage stamps).

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):

ADMISSION CARD

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 Thursday, May 3rd, 2018 at 11:00 a.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


DANGOTE
Salt
Refined & Iodized
"…finished!"