

NORTHERN NIGERIA FLOUR MILLS PLC

UNAUDITED THREE MONTHS RESULTS -SEPT 2014

STATEMENT OF FINANCIAL POSITION

30TH SEPT 2014

	30/09/2014 N'000	31/03/2014 N'000
Non-current assets		
Property, plant and equipment	687,263	678,886
Intangible assets	10,803	10,803
Deferred tax assets		
Total non-current assets	698,066	689,689
Current assets		
Inventories	1,221,494	1,584,937
Trade and other receivables	434,313	465,609
Cash and deposits	2,070,758	526,380
	3,726,565	2,576,926
Total assets	4,424,631	3,266,615
Equity		
Share capital	89,100	89,100
Share premium account	89,521	89,521
Retained earnings	1,704,927	1,595,291
Total Equity	1,883,548	1,773,912
Non-current liabilities		
Deferred tax liabilities	42,400	42,400
Retirement benefit obligation	240,365	262,589
Total non-current liabilities	282,765	304,989
Current liabilities		
Trade and Other payables	2,158,241	1,080,453
Current tax liabilities	100,077	92,506
Bank Overdraft	-	-
Accruals and provisions	-	10,290
Unclaimed Dividends		4,465
Total current liabilities	2,258,318	1,187,714
Total liabilities	2,541,083	1,492,703
Total equity and liabilities	4,424,631	3,266,615

NORTHERN NIGERIA FLOUR MILLS PLC

STATEMENT OF COMPREHENSIVE INCOME

UNAUDITED SIX MONTHS RESULTS -SEPT 2014

FOR THE PERIOD ENDED 30TH SEPT 2014

	30/09/2014	30/09/2013
	N'000	N'000
Revenue	5,750,418	6,995,188
Cost of sales	(5,445,803)	(6,805,726)
Gross profit	304,615	189,462
Other operating income	60,112	145,085
Selling and distribution expenses	(12,037)	(14,442)
Administrative expenses	(148,822)	(156,832)
Other gains and losses	-	-
Operating profit	203,868	163,273
Finance cost	(1,006)	-
Interest income	25,280	8,454
Profit before tax	228,142	171,727
Tax expense	(47,226)	(47,602)
	180,916	124,125
Profit for the period	180,916	124,125
Attributable to:		
Owners of the Company	180,916	124,125
	180,916	124,125
Earnings per share - Basic (kobo)	101.52	69.65

N.B. UNAUDITED

NORTHERN NIGERIA FLOUR MILLS PLC
UNAUDITED THREE MONTHS RESULTS -SEPT 2014
STATEMENT OF CHANGES IN EQUITY
30TH SEPT 2014

	Share Capital	Revaluation reserve	Equity attributable to equity holders of the Company			Retained Earnings	Total Equity
			Share premium	Capital reserve	Non controlling interest		
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 April 2014	89,100		89,521			1,427,095	1,605,716
	89,100	-	89,521	-	-	1,427,095	1,605,716
Transfer from total comprehensive income for the period						239,476	239,476
Dividend						(71,280)	(71,280)
IFRS balance at 31 March 2014	89,100	-	89,521	-	-	1,427,095	1,773,912
Transfer from total comprehensive income for the period						180,916	180,916
Dividend						(71,280)	(71,280)
IFRS balance at 30TH Sept 2014	89,100	-	89,521	-	-	1,536,731	1,883,548

N.B. UNAUDITED

NNFM - KANO

**STATEMENT OF CASH FLOWS
FOR THREE MONTHS ENDED 30TH SEPT 2014**

	30/09/2014 N'000	31/03/2014 N'000
Operating activities		
Cash receipts from customers	5,750,418	11,454,603
Cash paid to suppliers and employees	(4,053,679)	(10,950,860)
Cash generated from operations	<u>1,696,739</u>	<u>503,743</u>
Gratuity paid	(1,332)	(103,245)
Income taxes paid	(41,658)	(79,250)
Net Cash provided by operating activities	<u>1,653,749</u>	<u>321,248</u>
Investing activities		
Proceeds from disposal of property,plant and equipment	-	-
Purchase of property,plant and equipment	-	-
Commencement fees	-	-
Loans granted to related companies	-	-
Loans repaid by related companies	-	-
Proceeds from sale of fixed assets	-	-
Purchase of fixed assets	(49,611)	(332,025)
Purchase of trademarks		
Interest received	25,280	17,596
Dividend received		
Net cash used in investing activities	<u>(24,331)</u>	<u>(314,429)</u>
Financing activities		
Dividend paid	(71,280)	(71,280)
Finance charges	(13,760)	(30,674)
Proceed from unsecured bond issue		
Loan		
Term loans repaid	-	-
Interest paid		
Net cash used in financing activities	<u>(85,040)</u>	<u>(101,954)</u>
Net (decrease)/ increase in cash and cash equivalents	<u>1,544,378</u>	<u>(95,135)</u>
Cash and cash equivalents at beginning of Period	526,380	621,515
Cash and cash equivalents at end of the period	<u>2,070,758</u>	<u>526,380</u>

NORTHERN NIGERIA FLOUR MILLS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPT 2014

1 General Information

1.1 Legal form

Northern Nigeria Flour Mills Plc was incorporated as a private limited company on 29 October 1971. The Company was converted to a public limited liability company in 1978 and was quoted on the Nigerian Stock Exchange in the same year. The Company's registered office and factory is located at No 15 Maimalari Road, Bompai, Kano.

1.2 Principal Activity

The Company's main business is milling of wheat and other associated grains.

1.3 Going concern status

The Company has consistently been making profits. The Directors believe that there is no intention or threat from any source to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on going concern basis.

1.4 Financial period

The financial statements cover the financial period from 1 April 2012 to 30 Sept 2014

2 Operating environment

The operating environment had, as usual, been fairly rough. So much had happened in the financial sector while the commercial banks grappled with much reorganization and reengineering within the period under review. Both local and international financial transactions were conducted in a difficult business and economic environment which has produced negative impact on the company's operations. Moreover, the volatility in major world currencies coupled with the instability in oil prices due to the political upheaval and Also worthy of note is the fact that the manufacturing industry continued to grapple with challenges posed by poor road infrastructure, inadequate public power supply, worsening state of security and the gradual downward slide in the exchange value of the Naira.

4 Significant accounting policies

4.1 Statement regarding status of compliance with IFRSs

The Sept 2014 financial statements were prepared in accordance with IFRS. The accompanying comparative financial statement relate to the period ended Sept 2013. The Company's financial statements are presented in accordance with, and comply with, International Financial Reporting Standards (IFRS) and International Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these statements.

4.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The significant accounting policies are set out on the next sheet.

NORTHERN NIGERIA FLOUR MILLS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPT 2014

4.3 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, net of discounts, VAT and other sales-related taxes.

4.3.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.4 Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income 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.

4.5 Pensions and other post-employment benefits

The Company operates a defined contribution based retirement benefit scheme for its staff, in accordance with the Pension Reform Act of 2004 with employee contributing 7.5% and employer contributing 12.5% each of the employee's relevant emoluments. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

The Company also operates a gratuity scheme for its qualified staff. Benefits are related to the employees' length of service and remuneration. The cost of providing gratuity benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses (if any) are recognised fully in other comprehensive income . Also, past service cost is recognised immediately in profit or loss.

4.6 Taxation

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

4.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in future 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.

4.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4.6 Foreign currency translation

For the purpose of these financial statements, the results and financial position of Nigerian Bag Company Plc are expressed in Naira, which is the functional currency of the Company, and the presentation currency for the financial statements. The functional and presentation currency was determined by the directors and this is explicitly documented in the accounting policies manual approved by the Board.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NORTHERN NIGERIA FLOUR MILLS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPT 2014

4.6.2 contd

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets 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.

Current and deferred tax are recognised in the statement of comprehensive income, 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 also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.7 **Property, plant and equipment.**

Land and buildings mainly comprise factories, depots, warehouses and offices. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Depreciation on property, factory buildings, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives.

NORTHERN NIGERIA FLOUR MILLS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPT 2014

4.7 contd

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following basis:

	%
Leasehold land and building	5
Fixed plant	15
Mobile plant	10
Factory fittings, furniture and office equipment	10
Motor vehicles	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Profits and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts. These profits and losses are included within 'items of a capital nature' in profit or loss.

Properties in the course of construction (capital work-in-progress) are carried at cost, less any recognised impairment losses. Cost includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the Company's accounting policy.

4.8 Impairment of tangible and intangible assets excluding goodwill and financial assets.

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). When 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. When 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 Company 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 the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease subject to the available surplus in the revaluation reserve.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.9 Inventories

Inventories are stated in the financial statements at the lower of cost and net realisable value. Raw Materials which include purchase cost and other costs incurred to bring the materials to their location and condition, are valued at First-In-First-Out (FIFO). Cost of finished goods and work-in-progress which include direct labour and factory overheads.

Engineering spare parts and other consumables are valued at FIFO after making allowance for obsolete and damaged stocks. Engineering spare parts with high value and held for commissioning of a new plant or for infrequent maintenance of plants are capitalised and depreciated over their useful life and the useful life starts when they are put to use. If the estimated useful life of the spare parts from installation exceeds that for the whole plant, depreciation is limited to the remaining life of the plant.

NORTHERN NIGERIA FLOUR MILLS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPT 2014

4.10 Trade receivables

Trade receivables are carried at original invoice amount less any allowance for doubtful debts. Allowances are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any allowance available and then to profit or loss. Subsequent recoveries of amounts for which a previous allowance was made are credited to the profit or loss. Long-term receivables are discounted where the effect is material. Trade receivables are measured at amortized cost. Interest income is recognised by applying the effective interest rate,

4.11 Trade payables

Trade payables are held at amortised cost which equates to nominal value. Long-term payables are discounted where the effect is material.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments generally with maturities of three months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

4.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 (when the effect of the time value of money is material).

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

4.16.1 Environmental expenditure

Environmental expenditure related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible is charged to profit or loss. The Company recognizes its liability on a site-by-site basis when it can be reliably estimated. This liability includes Company's portion of the total costs and also a portion of other potentially responsible parties' costs when it is probable that they will not be able to satisfy their respective shares of the clean-up obligation. Recoveries of reimbursements are recorded as assets when virtually certain.

4.16.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as 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.

4.14 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 financial assets and financial liabilities (other than financial assets and 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 the income statement.

4.14.1 Financial assets

The Company's financial assets are classified into available for sale (AFS) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NORTHERN NIGERIA FLOUR MILLS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPT 2014

4.14.2 Available for sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity financial assets or (c) financial assets at fair value through profit or loss. AFS financial assets are stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets are recognised in other comprehensive income. Dividends on AFS equity instruments are recognised in the income statement when the Company's right to receive the dividends is established. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

4.17.2 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed equities held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value reserve. When the investment is disposed of or is

Dividends on AFS equity instruments are recognised in the income statement when the Company's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

4.14.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest income is immaterial.

4.14.4 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be

For all other 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 borrower will enter bankruptcy or financial re-organisation; or
- *the disappearance of an active market for that financial asset because of financial difficulties.

NORTHERN NIGERIA FLOUR MILLS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPT 2014

8 Retirement benefit plans

The employees of the Company are members of a state arranged Pension scheme (Pension reform act, 2004) which is managed by several private sector service providers. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions and remit to the nominated Pension Fund Administrators.

The Company operates unfunded defined benefit plans for qualifying employees of the Company. Under the plans, the employees are entitled to retirement benefits varying between 1.25% and 2.5% of final salary. No other post-retirement benefits are provided to these employees.

NNFM PLC- KANO

NOTES TO THE ANNUAL UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPT 2014

	Sep-14	Company Mar-14
	N'000	N'000
INVENTORIES		
Raw materials	590,418	1,212,656
Finished goods	313,599	59,411
Maintenance Spare	287,932	282,466
Packaging materials	29,545	30,404
	1,221,494	1,584,937
	1,221,494	1,584,937
TRADE AND OTHER RECEIVABLES	N'000	N'000
TRADE RECEIVABLES		
Trade Debtors	360,631	412,846
Allowance for doubtful debts	(31,229)	(31,229)
	329,402	381,617
OTHER RECEIVABLES AND PREPAYMENTS		
Staff debtors	59,009	51,680
Other debtors	24,797	19,377
Amount due from related companies	21,105	12,935
	104,911	83,992
TOTAL TRADE AND OTHER RECEIVABLES	434,313	465,609