

MCNICHOLS CONSOLIDATED PLC



Offer for Subscription
Of

230,000,000

Ordinary Shares of 50 Kobo Each

At

₦1.50 per share

Payable in full on Application

Application List Opens: Wednesday, September XXXX

Application List Closes: Wednesday, October XXXX

LEAD ISSUING HOUSE/FINANCIAL ADVISER



JOINT ISSUING HOUSE



THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS HAVE BEEN APPROVED AND REGISTERED BY THE SECURITIES AND EXCHANGE COMMISSION. THE INVESTMENTS AND SECURITIES ACT 2007 PROVIDES FOR CIVIL AND CRIMINAL LIABILITIES FOR THE ISSUE OF A PROSPECTUS WHICH CONTAINS A MISLEADING OR FALSE INFORMATION. REGISTRATION OF THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER THE ACT FOR FALSE OR MISLEADING STATEMENTS CONTAINED OR FOR ANY OMISSION OF A MATERIAL FACT IN THE PROSPECTUS.

THE REGULATION OF THIS PROSPECTUS DOES NOT IN ANY WAY WHATSOEVER SUGGEST THAT THE SECURITIES AND EXCHANGE COMMISSION ENDORSES OR RECOMMENDS THE SECURITIES OR ACCEPT RESPONSIBILITY FOR CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR **REPORT** EXPRESSED THEREIN. EVERY PROSPECTIVE INVESTOR IS EXPECTED TO SCRUTINIZE THE INFORMATION CONTAINED IN THE OFFER PROSPECTUS INDEPENDENTLY AND EVALUATE THE SECURITIES WHICH IT OFFERS. THE DIRECTORS OF MCNICHOLS CONSOLIDATED PLC INDIVIDUALLY AND COLLECTIVELY ACCEPT RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN. APPLICATION HAS BEEN MADE TO THE COUNCIL OF THE NIGERIAN STOCK EXCHANGE FOR THE ADMISSION OF THE SECURITIES ON THE OFFICIAL LIST OF THE EXCHANGE.

THIS PROSPECTUS IS DATED August XX, 2013

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Contact Information

MorganCapital (“Lead Issuing House & ASeM Designated Adviser”) and CashCraft (“Joint Issuing House”) is the primary contact for potential investors, even though **MCNICHOLS** may be contacted directly.

The under listed show the addresses potential investors can use in getting across to the primary contacts:

Names	Telephone/Email Address
Ayoleke O. Adu, FCS, CFA MorganCapital Securities Limited 3, Biaduo Street, off Keffi Street South West Ikoyi Lagos. 01-2714715 ceo@morgancapitalgroup.com	Olanrewaju Ogunlana MorganCapital Securities Limited 3 Biaduo Street, Off Keffi Street South West Ikoyi Lagos 08160106231 lanreo@morgancapitalgroup.com
Julcith Hwande MorganCapital Securities Limited 3 Biaduo Street, off Keffi Street South West Ikoyi Lagos. 07068321503 julcith@morgancapitalgroup.com	Bolade Agbola CashCraft Asset Management Limited Foreshores Towers, 2A Osborne Road Ikoyi Lagos. 08054011327 bolade.agbola@cashcraft.com

Names	Telephone/Email Address
Mr Chimaraoke Ekpe McNichols Consolidated Plc. No. 7, Jeminat Laalu Street, Arepo, Near Journalist Estate, Kilometre 32, Lagos-Ibadan Expressway, Ogun State, Nigeria. 07040921601, 08058840114 Email: mcnicholsplc@gmail.com	Mr. Olusegun Layode McNichols Consolidated Plc. No. 7, Jeminat Laalu Street, Arepo, Near Journalist Estate, Kilometre 32, Lagos-Ibadan Expressway, Ogun State, Nigeria. 08033020956 Email: mcnicholsplc@gmail.com
Reverend Onyebuchi Agubesi McNichols Consolidated Plc No. 7, Jeminat Laalu Street, Arepo, Near Journalist Estate, Kilometre 32, Lagos-Ibadan Expressway, Ogun State, Nigeria. 08097745981 Email: mcnicholsplc@gmail.com	

Definitions

“MCNICHOLS”	MCNICHOLS CONSOLIDATED PLC
“Completion Board Meeting Date”	The date on which Offer documents are signed by the Directors and other parties.
“Effective Date”	The date of approval of allotment
“FYE”	Financial Year End
“MorganCapital”	MorganCapital Securities Limited
“Opening Date/ Closing Date”	XYZ
“Offer”	Public Offer of N230,000,000 ordinary shares N0.50 each of McNichols at ₦1.50 per share.
“CashCraft”	CashCraft Asset Management limited
“SEC”	Securities & Exchange Commission
“ASeM”	Alternative Securities Market
“NSE”	Nigerian Stock Exchange
“LIH”	Lead Issuing House -MorganCapital
“JIH”	Joint Issuing House -CashCraft
“DA”	Designated Advisers –MorganCapital
“Financial Adviser”	MorganCapital
“Allotment Date”	The date on which the allotment of the shares is approved/cleared by the SEC
“Business Day”	Any day other than Saturday, Sunday or official public holidays (declared by the Federal Government of Nigeria from time to time) on which banks are open for business
“CHN”	Clearing House Number
“CSCS”	Central Securities Clearing System Plc.
“Directors”	The members of the Board of Directors of McNichols Consolidated Plc who at the date of this Document are those persons whose names are set out on page “14” of this Prospectus.
“Daily Official List”	The Daily Official List of the NSE which provides on a daily basis, transactions that take place on the Floor of The Exchange
“EPS”	Earnings Per Share
“FGN”	Federal Government of Nigeria
“Gross Earnings”	Total earnings received for the financial reporting period/year
“ISA”	Investments and Securities Act No. 29 2007
“Registrar”	United Securities Limited
“Pari-Passu”	Equally
“PAT”	Profit After Tax
“PBT”	Profit Before Tax

Abridged Timetable

DATE	ACTIVITY	RESPONSIBILITY
21/06/2013	Forward Draft Documents to the Issuing House	ALL PARTIES
XXXXXXX	Completion Board Meeting	ALL PARTIES
XXXXXXX	Application List opens	MorganCapital/CashCraft
XXXXXXX	Application List closes	MorganCapital/CashCraft
XXXXXX	Offer Agents submit returns	MorganCapital/CashCraft/Offer Agents
XXXXXX	Forward Allotment Proposal to the Board	MorganCapital
XXXXXX	Obtain Board approval of Allotment Proposal	MorganCapital
XXXXXX	Disburse net proceeds to MCNICHOLS	MorganCapital/Receiving Bank
XXXXXX	Dispatch share certificate	REGISTRAR/Company Secretary

Please note that all dates are indicative only and are subject to change without prior notice

The Offer

Copies of this Prospectus and the documents specified herein have been delivered to the SEC for clearance and registration.

This Prospectus is being issued in compliance with the provisions of the Investments and Securities Act No. 29 2007, the Rules and Regulations of the Commission and the Listing requirements of the NSE and contains particulars in compliance with the requirements of the Commission and the Exchange, for the purpose of giving information to the shareholders with regard to the Initial Public Offer of 230,000,000 Ordinary Shares of 50 kobo each in McNichols Consolidated Plc. by MorganCapital Securities Limited and CashCraft Asset Management Limited. An application has been made to the Council of The Exchange for the admission to its Daily Official Lists of the entire 230,000,000 Ordinary Shares of 50 Kobo each being offered via the Initial Public Offer.

The Directors of McNichols Consolidated Plc. individually and collectively accept full responsibility for the accuracy of the information contained in this Prospectus. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no material facts, the omission of which make any statement herein misleading or untrue.

FINANCIAL ADVISER/LEAD ISSUING HOUSE



JOINT ISSUING HOUSE



On behalf



**is authorized to receive applications for the
Initial Public Offer of 230,000,000 Ordinary Shares of 50 kobo each at 150kobo per share**

The Acceptance List for the shares now being offered will open on XXXX 2013 and close on XXXX, 2013.

Share capital and reserve of the Company for the Full Year Dec, 31st 2012

(Extracted from the Full Year, 2012 Audited Accounts)

		N
AUTHORIZED SHARE CAPITAL	Ordinary shares of 50 kobo each	135,000,000.0
ISSUED AND FULLY PAID	Ordinary shares of 50 kobo each	135,000,000.0
EQUITY	Ordinary Share Capital	135,000,000.0
	Share Premium	63,541,031.0
	Retained Earnings	(25,967,732.0)
TOTAL EQUITY		172,573,299.0

Indebtedness: As at July 30, 2013, McNichols had no outstanding debentures, mortgages, charges or similar indebtedness or material contingent liabilities other than in the ordinary course of business.

Summary of the Offer

The following information should be read in conjunction with the full text of this Offer Prospectus, from which it was derived:

1. **Issuer:** MCNICHOLS CONSOLIDATED PLC ("MCNICHOLS" or "the Company").
2. **Lead Issuing House/
Financial Adviser** MorganCapital Securities Limited
3. **Joint Issuing House:** CashCraft Asset Management Limited
4. **ASeM Designated Adviser:** MorganCapital Securities Limited
5. **Share Capital:**
 Authorised: ₦ 250,000,000.00 comprising 500,000,000.00 Ordinary shares of ₦0.50 each.
 Issued and fully Paid: ₦ 135,000,000.00 comprising 270,000,000 Ordinary shares of ₦ 0.50 each.
4. **The Offer:** 230,000,000 Ordinary shares of 50kobo each.
5. **Method of Issue:** Public Offer.
6. **Offer Price:** ₦ 1.50 per share.
7. **Application:**
 Existing Shareholders - Minimum of 5,000 Ordinary shares and in multiples of 1,000 ordinary shares thereafter.
8. **Payment:** In full on application.
9. **Offer Opens:** XXXXXXXX
10. **Offer Closes:** XXXXXXXX
11. **Preferential Allotment &
Post recapitalisation management:** Twenty three million (23 million) ordinary shares or 10% of the shares on Offer (representing 4.6% of the post-offer capitalization of the Company shall be preferentially allotted to Directors of MCNICHOLS Consolidated Plc).
12. **Over subscription:** The Board is empowered to absorb any level of over-subscription if deemed fit. The existing Shareholders have empowered the board to absorb any level of over-subscription as may be approved by the Board, and subject to regulatory approval.
13. **Market Capitalisation
At Public Offer
Price-Pre offer:** ₦405, 000,000.00
14. **Market Capitalisation
At Public Offer
Price- Post offer:** ₦750, 000, 000.00
15. **Indebtedness:** As at the date of this prospectus. McNichols has no outstanding Long-term Debentures, Mortgages, Loan, Similar Indebtedness or Contingent liabilities other than during the course of business.
16. **Underwriting:** This Offer is not to be underwritten, at the instance of the Company.
17. **Status:** The shares being offered shall rank pari-passu in all respect with the existing issued ordinary shares of the Company, and would qualify for dividend payment from the year ending Dec 31st 2013 and thereafter

Summary of the Offer (Cont'd)

18. Quotation:

Application for quotation and listing has been made to the Council of The Nigerian Stock Exchange.

19. Purpose & Utilisation of Proceeds:

McNichols needs funds to do four key things:

1. Produce liquid beverages to take advantage of our sugar by-products and meet the needs of our customers.
2. Begin to develop a sugarcane plantation and expand sugar mill to produce our own sugar in order to take advantage of the current government policy direction on sugar and remain competitive in the emerging sugar market.
3. Introduce powdered milk products into the market.
4. Improve working capital for existing products to increase our sales and profitability.

20. Financial Summary: (Extracted from the Reporting Accountants' Report)

YEAR ENDED DEC 31	2012	2011	2010	2009	2008
Revenue (N'000)	389,620	388,554	261,554	203,158	167,678
Profit (Loss) after taxation (N'000)	9,186	6,019	(6,426)	(12,795)	(12,469)
Shareholders' funds (N'm)	172,573	136,274	130,255	136,681	152,417
Earnings/(Loss) per share (adjusted)(k)	3.40	2.23	(3.18)	(4.74)	(4.62)

21. FORECAST OFFER STATISTICS:

(Extracted from the Reporting Accountants' Memorandum on the Profit Forecast)

	2013 =N=	2014 =N=	2015 =N=
Revenue	514,716,810	1,548,471,129	1,894,257,644
Cost of Sales	(396,331,943)	(1,176,838,058)	(1,420,693,233)
Gross Profit	118,384,866	371,633,071	473,564,411
Profit Before Taxation	30,883,009	123,877,690	174,271,703
Taxation	(3,705,961)	(7,432,661)	(10,456,302)
Profit from Continuing Operations	27,177,048	116,445,029	163,815,401
Earnings per Share (kobo)	5.44	23.29	32.76

Note: The accounts have been prepared on a going concern basis and the validity of this depends on the successful recapitalisation of the company. The accounts do not include any adjustments that would result should the company be unable to continue in operational existence.

Directors, Secretary and Other Parties

Chairman:	Mr. Olusegun Layode
Directors	Mr. Chimaraoke Ekpe (Managing Director) Mrs. Irene Otiike-Odibi Reverend Onyebuchi Agubesi Mrs. Nneka Briggs Mr. Anthony Ikpea
Registered Office	No. 7, Jeminat Laalu Street Arepo, KM 32, Lagos-Ibadan Expressway Ogun State
Company Secretary	S. E. Nomuoja & Co (Chartered Secretaries & Administrators) 12B, Fagba Crescent, off Acme Road, Agidingbi, Ikeja, Lagos
Lead Issuing House/ Financial Adviser	MorganCapital Securities Limited 3 Biaduo Street, off Keffi Street South West Ikoyi, Lagos
Joint Issuing House:	CashCraft Asset Management Limited Foreshore Towers 2A Osborne Rd., Ikoyi, Lagos
Auditors	Abraham Shalom & Co (Chartered Accountants) 24, LadipoOluwole Street, off Adeniyi Jones Avenue, Ikeja, Lagos
Reporting Accountants:	Funsho Owoyemi & Co 21/25 Broad Street, Investment House, 3rd Floor, Lagos
Solicitors	Tokunbo Orimobi Legal Practitioners 5th Floor, 72 Broad Street, Lagos, Nigeria
Registrars:	United Securities 5th Floor, UAC House, 1-5 Odunlami Street, Marina, Lagos. Or 14, Idowu Taylor Street, Victoria Island., Lagos.
Receiving Banks:	Diamond Bank Plc Fidelity Bank Plc Zenith Bank Plc United Bank for Africa Plc
Designated Adviser/ Stockbroker	MorganCapital Securities Limited 3 Biaduo Street, off Keffi Street South West Ikoyi, Lagos

THE CHAIRMAN'S LETTER

The following is the letter received by **MorganCapital and CashCraft** from Mr. Olusegun Layode, Chairman of the Board of Directors of **MCNICHOLS CONSOLIDATED PLC**.

MCNICHOLS CONSOLIDATED PLC

No. 7, Jeminat Laalu Street, Arepo,
Near Journalist Estate, Kilometer 32,
Lagos-Ibadan Expressway,
Ogun State, Nigeria.

Date XXXXX

The Directors

MorganCapital Securities Limited

3 Biaduo Street, off Keffi Street, S/West Ikoyi, Lagos

and

The Directors

CashCraft Asset Management Limited

7th Floor, Foreshore Towers, 2a Osborne Road, Ikoyi, Lagos

Gentlemen,

On behalf of **MCNICHOLS CONSOLIDATED PLC** ("MCNICHOLS"), I am pleased to provide you with the following information in connection with the Public Offer of 230,000,000 Ordinary Shares of 50kpbo each at ₦1.50 per share, which you are making on behalf of our Company. The Offer Prospectus contains a summary of financial and general information relating to the Offer.

1. History and Business of the Company

McNichols is located at 7, Jeminat Laalu Street, Arepo, km 32, Lagos Ibadan Expressway, Ogun State and commenced operations in April 2005 as a manufacturing, packaging and distribution company, engaged in its first few years in the processing and packaging of sugar, chocolate powder, cereals and other food products. McNichols was listed on the floor of the Nigeria Stock Exchange on the 18th of December 2009. McNichols focuses mainly on the following

- Developing innovative food products to meet certain needs and yearnings in the marketplace.
- Improving the hygiene, nutrition and quality of food products in the Nigerian market and environ.
- Offering economical pack sizes to enable affordability and improve the economic well- being of consumers in Nigeria and environs.

McNichols plans to win in the marketplace by

- Pioneering the bulk breaking and fortification of granulated sugar with vitamin A;
- Pioneering the manufacturing of baking sugar to ease the stress of bakers while improving the quality of cake products;
- Packaging of premium sugar products for the hospitality industry and large corporates;
- Improving the quality of economy chocolate powder products, including the bulk breaking of chocolate powder products into pack sizes and price ranges that are affordable;
- Producing ready to drink milk and chocolate beverages.
- Manufacturing of high quality custard powders and cereals for the family.
- Backward integration to produce sugar to meet its production requirement and take advantage of the untapped sugar production sector in the Nigerian economy.

The Company has also positioned itself as a contract manufacturing, packaging and distribution specialist, to manufacture and package products for brands of other companies to improve its production efficiency. The Company plans to combine

THE CHAIRMAN'S LETTER (CONT'D)

the leverage of its strong local distribution network and management capability to provide low price products to the Nigerian and other African markets, and efficient services to its clients.

McNichols is the pioneer in bulk breaking of sugar and manufacturing of baking sugar, and is also positioning to champion innovation in premium packaging of sugar products to serve the hospitality industry and large corporates in Nigeria. Our chosen key strategy is to play in the mass market with innovative and low cost/price products, while taking advantage of opportunities in the premium market.

OUR VISION

To be the foremost values-driven institution and compete favourably with the leader in our line of business in Nigeria by 2025.

OUR MISSION

To improve the lives of our neighbours.

OUR VALUES

- **INTEGRITY;** We talk straight. | We act with the highest standards of good behavior. | We say what we mean. | We mean what we say. | Our word is our bond. | Negligence of this core value in McNichols is career limiting.
- **INNOVATION;** We encourage creative minds/people. | We turn new knowledge into new products. | We turn new ideas into new reality.
- **TEAMWORK;** We work together. | We share ideas. | We achieve together. | We do not reward lone rangers.
- **TRUST;** We believe each other. | We depend on each other. | We do not act with skepticism. | We do not suspect each other. | We think straight. | We act with trust.
- **FAMILY;** We share. | We do not prohibit employment of family members. | We work as a family. | The name is the McNichols Family.
- **FUN PLACE;** **We are fun people. | We make our work fun. | For us our work is what we want to do. | We play a lot.**

We are committed to living up to our promises.

2. The Consumer Goods Industry in Nigeria and its Outlook

With a population of more than 160million people growing at the rate of 2.5% annually, the Nigerian economy is a veritable ground to harvest profit especially in the Fast Moving Consumer Goods (FMCG) sector. Growth in the consumer goods sector has been a bright spot in Nigeria economy over the last couple of years and every economic indicator shows that the growth is sustainable. The FMCG sector is one of the best-performing segments of Nigeria's manufacturing industry. Many international manufacturers have a presence in Nigeria while local manufacturers are trying to catch up. Local manufacturers like ours (McNichols Consolidated Plc) will be able to compete more favourably if there is adequate capacity to process intermediate products. Low capacity is one of the key structural weaknesses affecting local manufacturers in the sector. The overall outlook of the sector is positive, consumption has been trending upwards since the beginning of 2012. Inflation has been

reducing and economic growth has been sustained. The price of fuel for transport and power has stabilised considerably, soothing the purchasing power of many consumers.

Though, the sector has made so much progress in the last couple of years, there is still a lot of room for improvement in order to it to attain optimum capacity.

3. Products and Services

Our products are designed to be of the highest international standards with value on every purchase made. At McNichols, quality time is spent on research and development for new ideas and constant improvement in the quality of our products. McNichols currently has the following products;

- Family Granulated Sugar (white and brown)
- Family Cube Sugar (white and brown)
- Choice Icing Sugar
- Choice Baking Sugar
- Family Chocolate Powder (food drink)
- Family Custard (3-in-1 milk custard, 4-in1 choco custard and vanilla custard)

McNichols plans to introduce liquid milk based beverages,, **powdered milk** and **other related food products** in the next few years in order to consolidate its planned strong positioning in the fast moving consumer goods industry. Our focus is mainly to;

- Develop innovative food products to meet certain needs and yearnings in the marketplace,
- Improve the hygiene, nutrition and quality of food products in the Nigerian market and environ,
- Offer economical pack sizes to enable affordability and,
- Improve the economic well-being of the Nigeria consumers and the West African sub region.

Family Choco

Family Choco is a tasty and nourishing food drink made with full cream milk powder, cocoa, sugar and other quality ingredients. A blind taste and comparison of this product with competition indicated a huge potential for Family Choco. We are very proud of this product and can't wait to give it the push it deserves to win in the marketplace. This product is in 500g sachet and 500g packet and economy pack size for ₦20 per sachet,.

Family Custard (Vanilla Flavour)

This is the traditional custard product in the market. Our company has however improved the packaging of this product and is currently offering the market a more hygienic and nutritious product. This product is currently in 500g and 2kg containers. We also have ₦10 and ₦20 single-serve sachets..

Family Milk Custard

We have bundled custard with milk and sugar to enable low income consumers derive some nutrition while consuming custard. At the price of ₦30 and ₦50 per sachet our customers enjoy a richblend of custard with good quantity of quality full cream milk powder. The 500g and 2kg packs are also available for premium consumers.

Family Choco Custard

In addition to the ingredients in Family Milk Custard we added choco to take care of the unique needs of a number of our consumers who wish to add a cocoa drink to their custard. This product has achieved reasonable level of acceptance in certain niche markets and we are proud of it. Both Family Milk Custard and Family Choco Custard are new developments of McNichols.

Family Sugar

This product is the first single-serve packaged granulated table sugar in Nigeria in economy packs. It is fortified with Vitamin A to help fight diseases in children and improve eyesight for both children and adults. It is packaged in single-serve pack sizes ranging from 5grams to 15grams and 500grams to 1 kilogram.

Choice Baking Sugar

Choice Baking Sugar is McNichols' contribution to bakers' world. We thought that bakers should spend less time to bake. Choice Baking Sugar allows a baker to save up to 65% of the time required to mix cake products, especially for dry mixes. We want home bakers to return home at night from work and be able to bake for dinner within a very short time. This product has been shown to reduce mixing time from about 45 minutes to less than 15 minutes. It is a replacement of the normal sugar used in baking for ease and better cake output.

Choice Icing Sugar

Our icing sugar has been specially formulated to meet the needs of both home bakers and professionals. This product is mainly for putting the icing on cakes. Our icing sugar is packaged in two ply laminates to give protection to the product and also allow economy cake makers to afford it.

Choice Special Sugar

Choice Special Sugar is a specially milled sugar for industrial users in the food and beverage industry. We process this product to the specifications of some food and beverage companies who use it as a raw material.

4. Consumer Goods Competition and Market Share

With a growing youthful population, estimated at about half of its entire population, Nigeria presents one of the best opportunities for consumer goods businesses anywhere in the world. In order to beat off competition industry players have adopted various strategies; aggressive advertising and promotion campaigns, increased brand & product lines and increment in production capacity, with a view to capturing the rising demand thereby increasing market share. Being a high growth sector, this has naturally attracted a number of fringe players over the last years, consequently increasing the level of competition in the sector thereby putting mild pressure on sector margins. That notwithstanding, the room for growth is still very huge and can accommodate the new entrants. Success in this sector will be determined by product reach, other success factors include brand recognition and visibility, consumer loyalty, good product mix, production efficiency and availability of products in the market place.

5. Directors, Management & Staff

5.1 Directors

Mr. Olusegun Layode (Chairman)

Mr. Olusegun Layode holds a B.Sc. degree in Chemistry from the University of Lagos and an MBA from the Lagos Business School. He is a Fellow of the Chartered Institute of Accountants of Nigeria and trained as an accountant with Robert Ade-Odiachi & Co, Chartered Accountants.

Segun has extensive experience in financial and business process reengineering, change management, development of corporate strategies and corporate performance management. He was responsible for the accounting systems and later headed the performance management department of Standard Trust Bank. Segun later joined Fidelity Bank Plc as Head Financial Control and Strategy and in December 2004 joined Eterna Oil & Gas Plc as part of the turnaround team. Segun is also the Managing Director of Interlinked Technologies Plc

Mr. Chimaraoke Ekpe (Managing Director)

Chimaraoke has detailed knowledge and extensive experience in operations management, including extensive hands-on in leading small businesses. He has assisted several small, medium and large companies in Nigeria to improve their performance under a management consultancy arrangement. He holds a B.Sc. degree in Business Management and an MBA from Lagos Business School. Chimaraoke has facilitated several local and international courses in business management and is a resource person to the Lagos Business School where he facilitates entrepreneurship classes. Chimaraoke left Arthur Andersen/KPMG Professional Services at Senior Management level to manage McNichols.

Mrs. Irene Otike-Odibi

Irene holds an LL.B from the University of East-Aglia, Norwich and was called to the Nigerian Bar in 1995. Prior to joining First Funds Limited, she worked in several top ten commercial law firms in Lagos including Olaniwun Ajayi & Co and Aluko & Oyebo, where she gained extensive experience in project finance, capital market operations, advising core investors in privatization process and mergers and acquisition. As a Senior Associate in the Commercial Law Group of Adepotun, Caxton-Martins, Agbor &

Segun, she led various teams that conducted due diligence and provided advice to the firm's international clients in various sectors of the economy including telecommunications and banking.

Reverend Onyebuchi Agubesi

Rev. Onyebuchi is experienced in international procurement, information technology and data analysis. He has been involved in large scale procurements from North America and Asia for the oil and gas industry for several years. He has undertaken several data analysis assignments for the oil and gas industry in the area of fleet maintenance. Reverend Agubesi is a graduate of Statistics. He is the Managing Director of Cedar Hills Technologies Ltd., an oil and gas service company located in Port Harcourt. Reverend Agubesi is an ordained minister in the Anglican Communion

Mrs. Nneka Briggs

Nneka is a customer relationship management professional. She has extensive experience in providing customer services in an environment of highly discerning clientele having spent several years working internationally with Lufthansa German Airlines. Mrs. Briggs is a graduate of Languages from the University of Port Harcourt where she specialized in French Language.

Mr. Anthony Ikpea

Anthony has over 20 years work experience in the Financial Services Industry. He started his banking career with Ecobank Plc and later worked with Commercial Trust Bank Ltd and Oceanic Bank Plc before founding CashCraft Asset Management Ltd, where he is the Managing Director. Tony sits on the Board of several companies, including Livestock Feeds Plc, Vono Products Plc, Elim Microfinance Bank and Owen & Gent Ltd, a garment company. Tony holds a B.Sc. degree in Accounting from the University of Ife, and an MBA in Financial Management from the Lagos State University. He is an Alumnus of the Prestigious Wharton Business School of the University of Pennsylvania. He qualified as a Chartered Stockbroker and is a Fellow of the Institute (FCS)

5.2 Key Management Staff

Below is a brief profile of the key management staff of the Company:

Mr. Chimaraoke Ekpe (Managing Director)

Chimaraoke has detailed knowledge and extensive experience in operations management, including extensive hands-on in leading small businesses. He has assisted several small, medium and large companies in Nigeria to improve their performance under a management consultancy arrangement. He holds a B.Sc. degree in Business Management and an MBA from Lagos Business School. Chimaraoke has facilitated several local and international courses in business management and is a resource person to the Lagos Business School where he facilitates entrepreneurship classes. Chimaraoke left Arthur Andersen/KPMG Professional Services at Senior Management level to manage McNichols.

Nwaimo Ephraim – Human Resources & Admin Manager

Ephraim has a BSc. in Management and worked severally on short term contracts with Arthur Andersen and Accenture. He worked as HR manager with Centre for Law and Development Studies before joining Institute for Financial Planning (IFP). Ephraim has about 15 years experience in HR and admin related work. He has been with McNichols from inception.

Bolaji Abbas – Finance Manager

Bolaji holds a Higher National Diploma in Accounting. He has extensive experience in accounting for manufacturing operations having worked with McNichols from inception. Bolaji has good knowledge of information systems and has been in charge of the setting up and management of our information technology systems.

Michael Atoyebi – Production Manager

Michael is a Biochemistry graduate from University of Ilorin. He started his work experience at Doyin Industries as a Laboratory Chemist and also worked with Cascade Waters in the Quality Assurance function before joining McNichols.

Felix Chinwendu – Technical Services Manager

Felix is an Electrical Engineer by training. He is responsible for our technical operations and oversees the work of all our technical personnel. Felix has hands-on experience in repairs and maintenance work and has been with McNichols from inception.

5.3 Staff

The Company has about 58 members of staff serving in various capacities.

6. Premises**DETAILS OF FREEHOLD PROPERTIES HELD BY THE COMPANY**

Name of Property	Location of Property	Current Value	Title
Arepo factory land and building	7, Jeminat Laalu Street, Arepo, Lagos-Ibadan Expressway, Ogun State	₦101,504,344	Statutory Right of Occupancy
Arepo plot of land with building opposite McNichols factory building for future development	12, Jeminat Laalu Street, Arepo, Lagos-Ibadan Expressway, Ogun State	₦13,000,000	Deed of Assignment
Papalanto sugar mill under construction on 4 acres of land	Abese, Km 2, Papalanto-Sagamu Expressway, Ogun State	₦15,301,188	Land Owners Family Receipt
Aba property - 11 plots of land for future development	Old Owerri Road Osisioma, Aba, Abia State	₦18,600,000	Deed of Assignment

7. Purpose of the Offer

McNichols needs funds to do four key things:

1. Produce liquid beverages to take advantage of our sugar by-products and meet the needs of our customers.

THE CHAIRMAN'S LETTER (CONT'D)

2. Begin to develop a sugarcane plantation and expand sugar mill to produce our own sugar in order to take advantage of the current government policy direction on sugar and remain competitive in the emerging sugar market.
3. Introduce powdered milk products into the market.
4. Improve working capital for existing products to increase our sales and profitability.

NEEDS DESCRIPTION		(MILLION ₦)
Liquid beverages		
1	Complete production line for bottling of liquid beverages	38
2	Laboratory Equipment	3
3	Working capital for raw and packaging materials	18
Subtotal		59 (27.10%)
Sugar production		
4	1 number 100 tcpd sugar mill machinery	35
5	Expansion of sugar mill civil infrastructure	10
6	Purchase of 10 hectares of farmland 3m per hectare	30
7	Farmland development costs @300k per hectare	3
8	Cultivation of 10 hectares of farmland	6
9	300KVA transformer with all earth works, regulatory approvals and installation	6
10	Power generators	8
11	10 units borehole water system (drilling, overhead tank, generator, housing/security, water distribution accessories)	10
12	2 Trucks/vehicles	6
13	Working capital for purchase of sugarcane	14
Subtotal		128 (37.10%)
Powdered milk production		
14	Pouching equipment	14
15	Jet coding machine	2
16	Working capital for purchase of milk and packaging materials	20
Subtotal		36 (10.43%)
Other working capital augmentation needs for ongoing operations		
17	Working capital for purchase of raw and packaging materials for cube sugar, chocolate powder and custard operations	107 (31.01%)
IPO Cost		15 (4.35%)
Total		345 (100%)

Note: Oversubscription funds will be used to expand milk and sugar production operations. These are scalable operations and can absorb any oversubscription arising from this IPO.

7. Working Capital, Profit and Future Prospects

The Directors of the Company are of the opinion that, in the absence of unforeseen circumstances, and based on the foregoing assumptions, the profit after taxation and appropriations for the five years ending 31st Dec, 2013, 2014, 2015, 2016, 2017 and 2018 shall be ₦ 27.117 million, ₦ 116.445 million and ₦ 163.815 million, ₦ 162.691 million, ₦ 210.450 million and ₦ 279.641 million respectively.

THE CHAIRMAN'S LETTER (CONT'D)

YEAR ENDING DEC 31	2013 ₦	2014 ₦	2015 ₦	2016 ₦	2017 ₦	2018 ₦
Revenue	514,716,810	1,548,471,129	1,894,257,644	2,249,665,113	2,639,069,115	3,056,185,340
Cost of Sales	396,331,943	1,176,838,058	1,420,693,233	1,664,752,183	1,926,520,454	2,200,453,445
Gross Profit	118,384,866	371,633,071	473,564,411	584,912,929	712,548,661	855,731,895
Selling, Marketing & Admin & Expenses	79,781,105	232,270,669	280,350,131	332,950,437	390,582,229	452,315,430
Financial Charges	7,720,752	15,484,711	18,942,576	22,496,651	26,390,691	30,561,853
Profit Before Taxation	30,883,009	123,877,690	174,271,703	229,465,841	295,575,741	372,854,612
Taxation	3,705,961	7,432,661	10,456,302	66,774,560	85,125,813	93,213,653
Profit From Continuing Operations	27,177,048	116,445,029	163,815,401	162,691,282	210,449,927	279,640,959
Earnings Per Share (Kobo)	5.44	23.29	32.76	32.54	42.09	55.93
Proposed Dividend (Kobo)	5	14	20	26	34	45

Note: Forecast earnings and dividend per share are based on projected post offer share capital of Ordinary Shares of N1.50 each for 2013, 2014, 2015, 2016, 2017 and 2018, made up of existing share capital of 270,000,000 and 230,000,000 Ordinary Shares of N1.50 each now been offered.

9. Business Prospects and Going Concern Status

The business prospects for the sector remain clearly positive. The transformation agenda of this present administration will bode well for the sector. Government's aggressive plan in diversifying the Nigerian economy will increase the economic activities in the sector and the government's attention to fiscal discipline promises to positively affect the purchasing power of the average consumer thereby increasing the fortunes of the sector.

With the above favourable environment, and in the absence of unforeseen circumstances, the Board of Directors are confident that McNichols's going concern status is assured.

10. Risk and Mitigating Factors

Business Risk

Poor infrastructure remains a major obstacle for the sector. Poor and epileptic power supply is another major challenge confronting the sector just like every sector of the Nigerian economy; this obviously is causing an adverse effect on the fortunes of the firm's business. On the average, energy costs accounts for about 15% - 20% of the total operating expenses in the sector. Coupled with poor road network and high cost of maintaining vehicles; the ease of doing business in Nigeria continues to be a challenge. It is not a hopeless situation as recent reforms by the government shows that transformation is in sight.

Currency Risks

The FMCG sector imports, on average, about 60-70% of its raw materials thereby exposing players to huge currency risks. The risks created by the frequent changes in the exchange rate of the Naira to other currencies have been relatively reduced over the years. In addition, the management of MCNICHOLS has devised policy guidelines to

THE CHAIRMAN'S LETTER (CONT'D)

properly match the Company's risk profile with the quality of risk management systems. These policy guidelines also capture changing circumstances in domestic and international currency markets.

Compliance with the Code of Corporate Governance

MCHICHOLS is continuously striving towards complying with the code of corporate governance as it relates to its operations. The posts of Managing Director and Chairman are separated to avoid the concentration of too much power in a single individual.

The Board as a whole is comprised of a number of sub-committees among which is an Audit Committee. The Board will also be strengthened post Public Offer by experienced non-executive members who shall serve in various capacities at the sub-committees and be involved in setting the emoluments of the Management and other Directors of the Company. The Company is committed to full disclosure and transparency in providing information to all stakeholders because of its belief that this is the most important driving force in any good governance process.

11. Future Plans and Prospects

Conclusion

MCNICHOLS is well positioned to take advantage of these emerging opportunities in the Fast Moving Consumer Goods (FMCG) sector. We foresee a brighter future for our existing shareholders and our prospective shareholders. The on-going recapitalisation drive will assist our company to establish a stronger brand. I therefore encourage prospective investors to take advantage of this Public Offer and buy into the promising future of the Company.

Mr. Olusegun Layode
Chairman

THE PROFIT FORECAST

1. Letter from the Reporting Accountants on the Profit Forecast

Investment House, 3rd Floor
Lagos

06th August, 2013

The Directors

McNichols Consolidated Plc

7, Jeminat Laalu Street, Arepo
Kilometer 32, Lagos-Ibadan Expressway
Ogun State

and

The Directors

MorganCapital Securities Limited

Pent Floor
3, Biaduo Street
Off Keffi Street, South West Ikoyi, Lagos.

and

The Directors

CashCraft Asset Management Limited

7th Floor
Foreshore Towers, 2a Osborne Road, Ikoyi, Lagos.

Gentlemen,

MEMORANDUM OF PROFIT FORECAST

We have reviewed the accounting policies and calculations of the profit forecast of **McNichols Consolidated Plc**, (for which the Directors of **McNichols Consolidated Plc.**, are solely responsible) for the years ended **31st December, 2013, 2014 and 2015**.

In our opinion, the profit forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the footing of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies normally adopted by the company.

There will usually be differences between forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully

Funsho Owoyemi & Company
(Chartered Accountants)

2. Forecast Profit & Loss for five years ending December 31, 2013, 2104 and 2015

	2013 =N=	2014 =N=	2015 =N=
Revenue	514,716,810	1,548,471,129	1,894,257,644
Cost of Sales	(396,331,943)	(1,176,838,058)	(1,420,693,233)
Gross Profit	118,384,866	371,633,071	473,564,411
Selling, Marketing & Admin Exp.	(79,781,105)	(232,270,669)	(280,350,131)
Finance Charges	(7,720,752)	(15,484,711)	(18,942,576)
Profit Before Taxation	30,883,009	123,877,690	174,271,703
Taxation	(3,705,961)	(7,432,661)	(10,456,302)
Profit from Continuing Operations	27,177,048	116,445,029	163,815,401
Earnings per Share (kobo)	5.44	23.29	32.76
Proposed Dividend (Kobo)	5	14	20

3. Confirmation of Going Concern Status

DATE

The Directors
MorganCapital Securities Limited
3 Biaduo Street, off Keffi Street
Southwest Ikoyi
Lagos

and

The Directors
CashCraft Asset Management Limited
7th Floor
Foreshore Towers ,
2a Osborne Road,
Ikoyi, Lagos.

Gentlemen,

Confirmation of the Going Concern Status

We have received representations from the Directors of **McNichols Consolidated Plc** and have reviewed the previous results of the company, the existing operational position, the future projections of the company and the auditors' report on the financial statements for the years covered by this report. The forecast assumes that the issue of the shares shall be fully subscribed.

Based on this review, we are not aware of any circumstances that would give us reasons to doubt that the company would not be able to continue to operate at the current level within the foreseeable future.

Yours faithfully

Funsho Owoyemi & Company
(Chartered Accountants)

4. Basis and Assumption for the Profit Forecast

1. The Company Financial Statements as at **31st December 2012** formed the basis for ensuring the reasonableness of the forecast for the 3 years ending **31st December 2013, 2014 and 2015**.
2. The forecast for the 3 years ending **31st December 2013, 2014 and 2015** have been prepared upon the estimate and assumption of the Directors that the Company will operate on a basis consistent with the accounting policies normally adopted by manufacturing companies.

ASSUMPTIONS:

1. Based on the Company's current operating position and the review of past financial result, future plans and projections, the Directors are confident that, the Company will continue in operation in the foreseeable future.
2. The Directors have also considered in the forecast that there will be no significant changes in the basis of accounting of the Company in the nearest future.
3. There will be no changes in the general political and economic climate, which will adversely affect the operation of the Company.
4. The inflation rate in the economy will continue to be moderate and controllable
5. The Company will continue to enjoy the goodwill and confidence of present and future customers and demand from customers will continue to grow at least at current rates.
6. The expertise of the Company's present management personnel will be sustained.
7. The Company will not suffer any major uninsurable catastrophe.
8. There will be no material successful litigation against the Company for the period covered.

The following is the Report of FUNSHO OWOYEMI & COMPANY Reporting Accountants to McNichols Consolidated Plc:

1. Letter of Consent

21/25 Broad Street,
Investment House, 3rd Floor
Lagos

July 18, 2013

**The Directors,
McNichols Consolidated Plc,**
7, Jeminat Laalu Street,
Arepo near Journalist Estate,
Kilometer 32, Lagos Ibadan Expressway,
Ogun State.

and

**The Directors,
MorganCapital Securities Limited**
3, Biaduo Street, Off Keffi Road
S/West Ikoyi, Lagos.

and

**The Directors
CashCraft Asset Management Limited**
7th Floor
Foreshore Towers
2a Osborne Road, Ikoyi, Lagos.

Gentlemen,

INITAIL PUBLIC OFFER OF ~~N~~230,000,000 ORDINARY SHARES OF 50K EACH AT ~~N~~1.50 PER SHARE.

We hereby give our consent to the mention and inclusion of our name and reports (where applicable) in the form and context in which they appear in the Initial Public Offer Prospectus, and any other documents to be issued in connection with the above mentioned Exercise.

Yours faithfully,
FOR: **Funsho Owoyemi & Co.**

Otunba Funsho Owoyemi, FCA, MBF
Managing Partner

Taiwo Abiodun, FCA
Partner

5. Letter from The Issuing House and The Joint Issuing House

Date XXXXX

The Directors

MCNICHOLS CONSOLIDATED

No. 7, Jeminat Laalu Street, Arepo,
Near Journalist Estate, Kilometer 32,
Lagos-Ibadan Expressway,
Ogun State, Nigeria.

Dear Sirs,

Re: MCNICHOLS CONSOLIDATED PLC

Public Offer of 230 million ordinary shares of ~~N0.50~~ each at ~~N1.50~~ Per Share

We write further to the Public Offer Prospectus issued in respect of the Offer of 230,000,000 ordinary shares of N1.50 each by MCNICHOLS CONSOLIDATED PLC, the draft of which we have the privilege of reviewing. The prospectus contains forecasts of the profits of the Company for the years ending Dec 31, 2013, 2014, 2015, 2016, 2017 and 2018.

We have discussed the bases and assumptions upon which the forecasts were made with you and with Funsho Owoyemi & Co (Chartered Accountants), the Reporting Accountants. We have also considered the letter dated XXXXX from the Reporting Accountants regarding the accounting bases and calculations upon which the forecasts were compiled.

Having considered the assumptions made by you as well as the accounting bases and calculations reviewed by Funsho Owoyemi & Co (Chartered Accountants), we consider that the forecasts (for which you as Directors are solely responsible) have been made by you after due and careful enquiry.

Yours faithfully,

AYOLEKE O. ADU, FCS, CFA,
MD/CEO, MorganCapital Securities Limited

XXXXXXXXXXXXXXXXXXXXX
MD/CEO, CashCraft Asset Mgt Limited

FINANCIAL INFORMATION

1. Reporting Accountants' Report

The following is the Report of **FUNSHO OWOYEMI & COMPANY** Reporting Accountants to **McNichols Consolidated Plc**:

21/25 Broad Street,
Investment House, 3rd Floor
Lagos

06th August, 2013

The Directors

McNichols Consolidated Plc

7, Jemina Laalu Street, Arepo
Kilometer 32, Lagos-Ibadan Expressway
Ogun State

and

The Directors

MorganCapital Securities Limited

Pent Floor
3, Biaduo Street
Off Keffi Street,
South West Ikoyi
Lagos

and

The Directors

CashCraft Asset Management Limited

7th Floor
Foreshore Towers
2a Osborne Road, Ikoyi
Lagos

Gentlemen,

McNICHOLS CONSOLIDATED PLC

ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER, 2008 - 2012

We have reviewed the audited Financial Statements of **McNichols Consolidated Plc** for the five years ended **31st December, 2012**. The Financial Statements were prepared under the historical cost convention.

Messrs Abraham Shallom & Co. (Chartered Accountants) were the auditors of the company for the years ended **31st December, 2010, 2011 and 2012**. The Auditors expressed an unqualified audit opinion on the Financial Statements for the periods ended **31st December, 2010, 2011 and 2012** while **Messrs Funsho Alabi**

& Co. and E.A. Ibironke (Chartered Accountants) were the auditors of the company for **2008** and **2009** respectively. The firms also expressed unqualified audit opinions on the financial statements for the years.

The Directors are responsible for the preparation of the Financial Statement.

Our review of the Financial Statements has been limited primarily to the review of the information (Financial and Non Financial) of the company and enquiries of the company's personnel and analytical procedures applied to the financial data. We have not performed an audit accordingly, we do not express an audit opinion.

In our opinion, the audited financial statements together with the notes thereon set out below, give a true and fair view of the state of affairs of **McNichols Consolidated Plc** for the five years ended **31st December, 2012** and have been prepared on the same accounting basis normally adopted by the company.

Yours faithfully,

Funsho Owoyemi & Company
(Chartered Accountants)

2. Statement of Accounting Policies

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

1. Accounting Convention

The Financial Statements are prepared in compliance with Statements of Accounting Standards (SAS).

These financial statements have been prepared under the historical cost convention.

2. Tangible Fixed Assets

The company's fixed assets are stated at historical cost less accumulated depreciation. Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of the cost of acquiring such fixed asset.

3. Depreciation

Depreciation is provided on a straight line basis to write off the cost of each fixed assets, less estimated residual value over their expected useful lives at the following annual rates:

Leasehold, Land and Building	Over the period of the lease
Plant and Machinery	20%
Motor Vehicle	33.33%
Office Equipment	25%
Office Furniture and Fittings	25%

4. Turnover

Turnover represents income received on goods invoiced and delivered to customers in respect of Sugar, Custard, Baking Items, Chocolate Powder and Allied Products during the year.

5. Stock

Stock is stated at the lower of cost or net realizable value. However, provision is made for any diminution in the value of stock at the balance sheet date.

6. Provision for Bad and Doubtful Debts

Bad debts are written off and specific provision are made for those debts that are considered doubtful of recovery

7. Debtors

Debtors are stated after making provision for trade receivables that are considered doubtful of recovery

8. Transactions in Foreign Currencies

Transactions denominated in foreign currencies are converted at the rate of exchange ruling as at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into the local currency using the exchange rate ruling as at the balance sheet date. Any gain or loss arising from a change in exchange rates between the transaction date and the ruling rate on the balance sheet are recognized in the profit and loss account in the period in which it arises.

9. Investments

Investments are stated at the lower of cost or the net realizable value in the financial statement of the company

10. Taxation

Provision for income tax and education tax are payable based on the taxable profits of the company as adjusted for taxation purposes. Deferred tax is provided, in respect of all timing differences arising from the recognition, for tax

purposes of items, in the periods that are different from the accounting periods in which they have been charged or credited. This is in accordance with the provision of SAS No. 19 as adopted by the **Nigeria's Financial Reporting Council**.

11. Staff Pension Scheme

The company has in place a contributory staff pension scheme for all eligible employees engaged on full time basis in accordance with the provisions of the Pension Reforms Act, 2004. The company deducts 7.5% from the employees gross emoluments and in addition, the company makes a contribution of 7.5% of the employees emoluments. The 7.5% contribution made by the company is charged to the profit and loss account for the period under review.

12. Repairs and Renewals

All repairs and renewal are written off as incurred.

3. Statement of Comprehensive Income

	NOTES	2012 =N=	2011 =N=	2010 =N=	2009 =N=	2008 =N=
TURNOVER	2	389,620,172	388,352,866	261,554,859	203,158,552	167,678,240
Cost of Sales		(290,327,538)	(308,055,709)	(201,051,293)	(143,942,459)	(116,529,499)
Gross Profit		99,292,634	80,297,157	60,503,566	59,216,093	51,148,741
Selling and Distribution Exp.	3	(52,756,876)	(36,210,059)	(32,984,375)	(38,001,606)	(30,337,838)
Administrative Exp.	4	(14,432,281)	(15,352,372)	(13,446,615)	(13,820,353)	(17,100,180)
Profit/Loss before Interest		32,103,477	28,734,726	14,072,576	7,394,134	3,710,723
Depreciation, Amortization & Tax						
Other Operating Income	5	3,231,175	1,313,953	220,182	515,327	---
Profit on Disposal of Fixed Asset		---	---	---	446,528	---
Depreciation and Amortization	6	(18,379,705)	(18,105,161)	(17,530,461)	(17,042,055)	(13,574,707)
Finance and Interest Charge		(4,989,448)	(5,098,898)	(2,849,540)	(3,117,706)	(2,605,089)
Profit/Loss Before Taxation		11,965,500	6,844,620	(6,087,244)	(11,803,772)	(12,469,073)
Taxation	8	(2,779,324)	(825,364)	(338,936)	(991,823)	---
Profit/Loss after Taxation		9,186,176	6,019,256	(6,426,180)	(12,795,595)	(12,469,073)
Profit/(Loss) Brought Forward		(62,266,688)	(68,285,944)	(61,859,764)	(49,064,169)	(36,595,096)
Profit/(Loss) Retained		(53,080,512)	(62,266,688)	(68,285,944)	(61,859,764)	(49,064,169)

It is instructive to note that the company, in the preparation of its Financial Statements for the year ended 31st December, 2012, had complied with the applicable Financial Reporting Standards as adopted by the Financial Reporting Council of Nigeria (FRCN)

4. Statement of Financial Position

		Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
ASSETS	NOTES	=N=	=N=	=N=	=N=	=N=
Cash & Bank		6,632,449	3,056,620	2,812,493	104,317	5,576,170
Debtors & Prepayments	9	40,492,382	68,028,045	60,118,324	124,041,272	15,115,980
Stock and Work in Progress	10	34,245,310	44,066,804	16,082,246	18,057,971	18,649,511
Investment	11	6,500,000	---	---	6,797,395	106,121,339
Other Assets	12	---	---	543,767	1,181,032	10,664,273
Fixed Assets	6	173,864,966	109,394,267	97,169,129	91,095,936	74,271,269
TOTAL ASSETS		261,735,107	224,545,736	176,725,959	241,277,923	230,398,542
LIABILITIES						
Short Term Borrowing	13	128,083	38,329	12,845,680	11,272,605	3,647,497
Trade, Other Creditors and						
Accruals	14	24,797,575	42,304,759	32,094,433	23,987,748	15,410,961
Taxation	8i	9,402,758	2,356,124	1,530,759	1,191,823	7,980,596
Total Current Liabilities		34,328,416	44,699,213	46,470,872	36,452,176	27,039,054
CAPITAL AND RESERVES						
Share Capital: Ordinary Share	15	100,942,668	100,942,668	100,942,668	100,942,668	100,942,668
Pref. Share		34,057,332	34,057,332	34,057,332	34,057,332	34,057,332
Premium	16	63,541,031	63,541,031	63,541,031	63,541,031	66,481,858
Capital Reserve		27,112,779	---	---	---	---
Retained Profit & (Loss)	17	(53,080,512)	(62,266,688)	(68,285,944)	(61,859,764)	(49,064,169)
Shareholder Fund		172,573,299	136,274,343	130,255,087	136,681,267	152,417,689
Long Term Liability	18	54,833,392	43,572,180	---	68,144,480	50,941,799
		261,735,107	224,545,736	176,725,959	241,277,923	230,398,542

It is instructive to note that the company, in the preparation of its Financial Statements for the year ended 31st December, 2012, had complied with the applicable Financial Reporting Standards as adopted by the Financial Reporting Council of Nigeria (FRCN)

5. Cashflow Statement

	2012 =N=	2011 =N=	2010 =N=	2009 =N=	2008 =N=
Cash Flow from Operating Activities					
Profit/Loss Before Tax	11,965,500	6,844,620	(6,087,244)	(11,803,772)	(12,469,073)
Depreciation	18,379,705	18,105,161	17,530,461	16,264,710	13,574,707
Fixed Asset Written Off	---	---	---	777,345	638,194
Profit/Loss on disposal of Fixed Asset	---	---	---	(446,528)	174,069
Net Interest Payable	---	5,098,898	2,849,540	3,117,706	2,605,089
Net Cash inflows/ (outflow)	30,345,205	30,048,679	14,292,757	7,909,461	4,522,986
Increase/Decrease in Working Capital:					
Increase/(Decrease) in debtors	(5,763,916)	(8,005,408)	(1,114,613)	1,212,940	(111,094)
Increase/(Decrease) in other debtors	32,641,211	95,687	17,277,107	8,814,274	3,224,046
Increase/(Decrease) in Stock	9,821,494	(27,984,558)	(1,975,725)	591,540	(12,369,913)
(Increase)/Decrease in Trade Creditors	5,121,664	3,541,369	187,435	(1,781,819)	2,472,086
(Increase)/Decrease in other Creditor & Accruals	12,102,903	17,150,084	8,294,119	(950,942)	772,406
(Increase)/Decrease in other Payables	7,046,634	---	---	2,824,661	2,328,446
	60,969,990	(15,202,826)	22,668,323	10,710,654	(3,684,023)
Cash Flows from Investing Activities:					
Purchase of Fixed Asset	(71,283,919)	(30,330,300)	(23,603,653)	(33,242,849)	(37,944,362)
Purchase of Differed Asset	---	543,767	(2,337,134)	(839,125)	---
Purchase of Investment	---	---	---	---	(106,121,339)
Disposal of Investment	---	---	6,797,395	---	---
Proceeds from sales of Fixed Asset	---	---	---	600,000	430,000
	(71,283,919)	(29,786,533)	(19,143,392)	(33,481,974)	(143,635,701)
Long Term Loan	4,483,015	43,572,180	---	---	50,941,799
Lease Payment	(16,038,770)	(13,440,371)	(10,873,802)	(117,396)	(858,479)

Net Interest Paid	(4,989,448)	(5,098,898)	(2,849,540)	(3,117,706)	(2,605,089)
Proceeds from Share Issue	---	---	---	---	92,614,494
Inflow from Term Loan	---	---	---	5,000,000	---
Notes Repaid	---	---	---	---	(427,035)
Net Increase /(Decrease) in Cash and Cash Equivalents	(16,545,203)	25,032,911	(13,723,342)	1,764,898	139,665,690
Total Cash Movement for the Year					
Cash and Cash Equivalent (1 Jan.)	3,018,291	(7,073,941)	(11,168,288)	1,928,673	5,059,721
Net Increase/Decrease in Cash Equivalent	3,486,075	10,092,232	4,094,346	(13,096,961)	(3,131,048)
Closing Balance of Cash and Cash Equivalent	6,504,366	3,018,291	(7,073,942)	(11,168,288)	1,928,673

6. Notes to the Accounts

FOR THE YEARS ENDED 31st DECEMBER,

1. The Company, **McNichols Consolidated Plc** was incorporated on the **26th of April, 2004** and identified with Incorporation Certificate Number RC **509201** to carry on manufacturing, packaging and distribution business.

	2012	2011	2010	2009	2008
2. Turnover	=N=	=N=	=N=	=N=	=N=
Cube Sugar	89,831,826	111,726,295	31,119,843	4,496,067	---
Others	299,788,346	276,626,571	230,435,016	198,662,485	167,678,240
	<u>389,620,172</u>	<u>388,352,866</u>	<u>261,554,859</u>	<u>203,158,552</u>	<u>167,678,240</u>

3. Selling and Distribution

Delivery and Redistribution	14,189,580	17,779,035	17,958,068	---	---
Staff and Associated Cost	13,934,615	13,473,721	9,814,910	---	---
Promo & Merchandizing Exp.	1,615,286	1,768,474	438,581	---	---
Repairs & Maint. of Vehicle	3,017,395	3,188,829	4,772,816	---	---
Bad Debt Written- Off	20,000,000	---	---	---	---
	<u>52,756,876</u>	<u>36,210,059</u>	<u>32,984,375</u>	<u>---</u>	<u>---</u>

4. Administrative Expenses

Office Rent, Utilities, Stationery & Supplies, Professional & Regulatory Services	5,399,501	4,486,265	4,265,757	---	---
Insurance, Medical, Travels, Transportation & Other Exp.	6,931,428	8,161,507	7,623,888	---	---
Repair & Maintenance	2,101,352	2,704,600	1,556,970	---	---
	<u>14,432,281</u>	<u>15,352,372</u>	<u>13,446,615</u>	<u>---</u>	<u>---</u>

5. Other Operating Income.

Sales of Scrap	3,231,175	883,447	132,132	83,150	---
Interest Income	---	430,506	88,050	432,177	---
	<u>3,231,175</u>	<u>1,313,953</u>	<u>220,182</u>	<u>515,327</u>	<u>---</u>

McNICHOLS CONSOLIDATED PLC
NOTES TO THE ACCOUNTS (CONT'D)

FOR THE YEAR ENDED 31st DECEMBER,

Note 6. Fixed Assets

COST	2012 =N=	2011 =N=	2010 =N=	2009 =N=	2008 =N=-
Balance @ 1st Jan.	190,364,812	160,034,512	136,430,859	103,754,677	67,110,315
Additions	55,737,624	30,330,300	23,603,653	33,242,849	37,944,362
Disposal	---	---	-	(566,667)	(1,300,000)
Revaluation	27,112,779	---	---	---	---
31st Dec.	<u>273,215,215</u>	<u>190,364,812</u>	<u>160,034,512</u>	<u>136,430,859</u>	<u>103,754,677</u>
DEPRECIATION					
Balance @1st Jan.	80,970,544	62,865,382	45,334,923	29,483,408	16,604,632
Charge for the Year	18,379,705	18,105,162	17,530,461	16,264,710	13,574,707
Disposal	---	---	---	(413,195)	(695,931)
	<u>99,350,249</u>	<u>80,970,544</u>	<u>62,865,383</u>	<u>45,334,923</u>	<u>29,483,408</u>
NET BOOK VALUE					
31st Dec. 2012	<u>173,864,966</u>	<u>109,394,268</u>	<u>97,169,129</u>	<u>91,095,936</u>	<u>74,271,269</u>
31st Dec. 2011	<u>109,394,268</u>	<u>97,169,129</u>	<u>91,095,936</u>	<u>74,271,269</u>	<u>50,505,683</u>

7. Profit/Loss Before Tax

Profit/(Loss) on disposal of Fixed Assets	---	---	---	(446,528)	---
Depreciation	18,379,705	17,888,183	16,893,196	16,264,710	13,574,707
Directors Emolument	1,460,000	3,825,000	3,825,000	3,825,000	3,825,000
Interest on Loan & Overdraft	4,989,448	5,098,898	2,849,540	3,117,706	2,605,089
Amortization	---	216,978	637,265	777,345	638,194
Staff Retirement Benefit	2,448,774	1,128,641	1,110,594	1,116,205	---
Auditors Remuneration	475,000	400,000	350,000	570,000	400,000

8. Taxation

8i. As per Profit and Loss

Company Income Tax					
Base of the loss of the Year	2,779,324	350,160	338,936	991,823	---
Education Tax	---	475,204	---	---	---

Based on the Profit of the Year

	2,779,324	825,364	338,936	991,823	---
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8ii. As per Balance Sheet

Balance @1 st Jan.	2,356,124	1,530,759	1,191,823	200,000	200,000
Charge for the year	2,779,324	825,364	338,936	991,823	---
	5,135,448	2,356,123	1,530,759	1,191,823	200,000
Payment during the year	(2,514,328)	---	---	---	---
Balance as at 31 December	2,621,120	2,356,124	1,530,759	1,119,823	200,000

McNICHOLS CONSOLIDATED PLC NOTES TO THE ACCOUNTS (CONT'D)

FOR THE YEAR ENDED 31st DECEMBER,

	2012 =N=	2011 =N=	2010 =N=	2009 =N=	2008 =N=
9. Debtor					
Trade Debtors	23,523,238	18,417,689	10,412,282	11,526,895	7,948,060
Prepayment	632,333	916,553	828,252	461,990	1,146,509
Due from Managing Director	10,722,115	46,468,490	46,528,490	---	---
Other Debtors	6,167,227	2,777,843	2,869,914	112,052,387	6,021,411
	41,044,913	68,580,575	60,638,938	124,041,272	15,115,980
Provision for Doubtful Debt	(552,531)	(552,531)	(520,614)	---	---
	40,492,382	68,028,044	60,118,324	124,041,272	15,115,980
10. Stock					
Raw Material	32,349,235	42,928,364	12,526,365	9,240,427	8,865,394
Finish Goods	2,095,604	1,583,561	3,718,328	8,817,544	9,784,117
Less: Provision for slow moving stock	(199,529)	(445,119)	(162,447)	---	---
	34,245,310	44,066,804	16,082,246	18,057,971	18,649,511
11. Investment					
Balance as 1 st January	---	---	6,797,395	42,151,941	---
Additions	6,500,000	---	---	---	106,121,339
Disposal	---	---	(6,797,395)	---	---
	6,500,000	---	---	42,151,941	106,121,339
Diminution	---	---	---	(35,354,546)	---

(63,969,398)

6,500,000	---	---	6,797,395	42,151,941
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12. Other Asset

As at 1 st January	---	543,767	1,181,032	1,119,252	5,126,081
Additions	---	---	2,337,134	839,125	---
Transfer	---	---	---	---	(3,368,635)
	---	543,767	3,518,166	1,958,377	1,757,446
Charge for the Year	---	(543,767)	(2,974,399)	(777,345)	(638,194)
Deposit for Fixed Asset	---	---	---	---	9,545,021
Netbook Value @ 31 December	---	---	543,767	1,181,032	10,664,273

13. Borrowing (Secured)

Bank Overdraft	128,083	38,329	9,886,434	6,993,892	3,657,497
Term Loan	---	---	2,959,247	4,278,713	---
	128,083	38,329	12,845,680	11,272,605	3,647,497

14. Trade, Other Creditors and Accruals

Trade Creditors	14,331,740	11,786,603	8,245,235	8,432,670	13,516,285
Provisions & Accruals	2,942,512	2,498,707	2,925,428	2,350,855	---
Other Creditors	7,523,323	28,019,449	20,923,770	13,204,223	1,894,676
	24,797,575	42,304,759	32,094,433	23,987,748	15,410,961

NOTES TO THE ACCOUNTS (CONT'D)**FOR THE YEAR ENDED 31st DECEMBER,**

2012	2011	2010	2009	2008
=N=	=N=	=N=	=N=	=N=

15. Issued and Fully Paid**Capital**

201,885,336 Ordinary Share of

50k each	100,942,668	100,942,668	100,942,668	100,942,668	100,942,668
----------	-------------	-------------	-------------	-------------	-------------

68,114,664 Redeemable	34,057,332	34,057,332	34,057,332	34,057,332	34,057,332
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Preference Share of 50k

135,000,000	135,000,000	135,000,000	135,000,000	135,000,000
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16. Share Premium

At 1 st January	63,541,031	63,541,031	63,541,031	66,481,858	73,356,020
Transfer to pre shares	---	---	---	---	(33,990,665)
Additions from Ordinary Shares	---	---	---	---	30,485,138
Share Issue & Capital Cost					
Written Off	---	---	---	(2,940,827)	(3,368,635)
	63,541,031	63,541,031	63,541,031	63,541,031	66,481,858

17. Retained Earnings

Balance Brought Forward	(62,266,689)	(68,285,944)	(61,859,764)	(49,064,169)	(36,595,096)
Transfer from Profit & Loss					
Account	9,186,177	6,019,255	(6,426,180)	(12,795,595)	(12,469,073)
Balance at 31 December	(53,080,512)	(62,266,689)	(68,285,944)	(61,859,764)	(49,064,169)

18. Long Term Liability

Long Term Borrowing	48,055,195	43,572,180	---	68,144,480	50,941,799
Differed Tax	6,778,197	---	---	---	---
	54,833,392	43,572,180	---	68,144,480	50,941,799

Statutory & General Information

1. Incorporation and Share Capital History

ORDINARY SHARES: McNichols was incorporated on 26 April, 2004 as a private limited liability company under the name McNichols Consolidated Limited. It commenced business on 1 April 2005. At incorporation the Company's authorized and paid-up capital was N100,000 divided into 100,000 ordinary shares of N1.00 each. Since incorporation, the authorized and fully paid up preference share capital has increased as follows:

PREFERENCE SHARES: By an ordinary resolution of the Extra-ordinary General Meeting ("EGM") of 27 December, 2006, the authorized share capital was increased from ₦100,000 to N166,667 by the creation of 66,667 redeemable cumulative preference shares of ₦1.00 each to First Funds Limited, the equity investment subsidiary of First Bank Nigeria Plc. The Share Capital of the company was also Re-classified and divided into 100,000 (One Hundred Thousand) Ordinary Shares of ₦1.00 each and 66,667 (Sixty-six Thousand Six Hundred and Sixty-seven) Preference Shares of ₦1.00 each.

On **3rd December 2007** By special resolution, 100,000 ordinary shares of ₦1.00 each and 66,667 redeemable cumulative participating convertible Preference Shares of ₦1.00 each, in the capital of the Company, were **subdivided** (from ₦1.00 per share) into 50 kobo per share upon each of which the shares were credited as paid up.

On **3rd December 2007** By special resolution, the Share Capital of the Company was increased from ₦166,667 (comprising ₦100,000 and ₦66,667 of Ordinary and Preference Shares of N1.00 each respectively) to ₦135,000,000 comprising ₦100,942,667.50 and ₦34,057,332.50 Ordinary and Preference Shares of 50 kobo each respectively.

On **27th June 2013** The share capital by a special resolution was increased from ₦135,000,000 (One Hundred and Thirty Five Million Naira) to ₦250,000,000 (Two Hundred and Fifty Million Naira) by the creation of additional 230,000,000 (Two Hundred and Thirty Million) ordinary shares of N.50k each.

All the preference shares created at the Extra-ordinary General Meeting ("EGM") of 27 December, 2007 cumulatively totalling 68,114,665 preference shares of 50k each, amounting to ₦34,057,332.50 are issued and fully paid and converted to ordinary shares.

The history of the authorized and fully paid up Ordinary share capital of the Company is as follows:

Date	Authorised (Additional) (₦)	Authorised (Cumulative) (₦)	Issued and Fully Paid (Additional) (₦)	Issued and Fully Paid (Cumulative) (₦)	Consideration
2004	100,000.00	100,000.00	100,000.00	100,000.00	CASH
2008	100,842,667.50	100,942,667.50	100,842,667.50	100,942,667.50	CASH
2013	34,057,332.50	135,000,000.00	34,057,332.50	135,000,000.00	CONVERSION OF PREFERENCE SHARES TO ORDINARY SHARES
2013	115,000,000.00	230,000,000.00			

The history of the authorized and fully paid up Preference share capital of the Company is as follows:

Date	Authorised (Additional) (₦)	Authorised (Cumulative) (₦)	Issued and Fully Paid (Additional) (₦)	Issued and Fully Paid (Cumulative) (₦)	Consideration
2007	66,667	66,667	66,667	66,667	CASH
2008	33,990,665.5	34,057,332.5	33,990,665.5	34,057,332.5	CASH
2013	-34,057,332.5	0	-34,057,332.5	0	CONVERSION OF PREFERENCE SHARES TO ORDINARY SHARES

2. Shareholding Structure

As at the date of this Offer Prospectus, the issued and fully paid up Ordinary Shares of the Company are held by Nigerian citizens, corporate institutions and local government agencies. Save as disclosed below, no other shareholder holds 5% or more in the issued share capital of the Company:

S/N	Shareholder	Number of Shares	Percentage Holding
1	Halden Nigeria Ltd	16,619,494	6.16%
2	Chimaraoke Ekpe	41,358,088	15.32%
3	NRC Pension Funds	32,500,000	12.04%
4	Ijeoma Chimaraoke	44,169,213	16.36%
5	Lenux Integrated Resources Ltd	15,000,000	5.56%

3. Directors' Interest

The interests of the Directors of **MCNICHOLS CONSOLIDATED PLC** in the issued share capital of the Company as recorded in the register of Members as at the date of this Offer Prospectus and/or as notified by the Directors for the purposes of S.275 of the Companies And Allied Matters Act 1990 are as follows:

Director	No. of Shares Held as at 31/12/2012	No. of Shares Held as at 31/12/2011	No. of Shares held on Date Account was Approved By Board
Mr. Olusegun Layode - Chairman	2,000,000	2,000,000	2,000,000
Mr. Chimaraoke - Managing Director	41,358,088	41,358,088	41,358,088
Rev. OnyebuchiAgubesi - Director	2,116,079 (Direct) 11,050,020 (Indirect)	1,948,995 (Direct) 11,050,020 (Indirect)	2,116,079 (Direct) 11,050,020 (Indirect)
Mrs. Nneka Briggs - Director	7,982,266 (Indirect)	7,982,266 (Indirect)	7,982,266 (Indirect)
Mr. Anthony Ikpea - Director	2,487,408 (Indirect)	2,487,408 (Indirect)	2,487,408 (Indirect)

4. Statement of Indebtedness

As at the date of this Offer Prospectus MCNICHOLS CONSOLIDATED PLC have no outstanding long-term debentures, mortgages, loans, charges, similar indebtedness or contingent liabilities other than in the ordinary course of business.

5. Subsidiaries and Associated Companies

As at the date of this Offer Prospectus, the Company has no operational subsidiary;

6. Extract from the Memorandum and Articles of Association

The following are the relevant extracts from the Company's Memorandum and Articles of Association:

ALTERATION OF CAPITAL

The Company in general meeting, may from time to time, increase the capital, by the creation of new shares of such amount as may be deemed expedient.

The Company may, whether all the shares for the time being authorized, shall have been issued or all the shares for the time being issued, shall have been fully called up or not, by ordinary resolution, increase the share capital, by such sum to be divided into shares of such amount as the resolution shall prescribe. The new shares shall be offered, upon such terms

and conditions and with such rights and privileges, annexed thereto at the general meeting, resolving on the creation thereof, may direct, or in the absence of such direction as the Directors may determine and in particular, such shares may be issued with a preferential or qualified right to dividends and the distribution of the assets of the Company and with a special or without any right of voting.

ALTERATION OF SHARES CAPITAL

The Company in General Meeting may by a special resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts and rights and privileges as the resolution shall prescribe.

TRANSFER AND TRANSMISSION OF SHARES

The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the Directors may approve.

REGISTERED MEMBERS ENTITLED TO SHARE CERTIFICATES

Every member shall be entitled without payment to one certificate under seal for all the shares registered in his name or, in the case of shares of more than one class being registered in his name to a separate certificate for each class of share so registered. Every certificate shall specify the number and class of shares in respect of which it is issued and the distinctive numbers (if any) of such shares and the amounts paid up thereon respectively. Every certificate shall be ready for delivery to the member within two months after the allotment or lodging with the company of the transfer, as the case may be, of the shares comprised therein.

ANNUAL GENERAL MEETING

The company shall in each year hold a General Meeting as its Annual General Meeting in Addition to any other Meetings in that year, and shall specify the meeting as such in the notice calling it. Not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

NOTICES

Every notice of meeting shall specify the place, the day and the hour of the meeting, and in the case of special business, the general nature of such business, and shall also state with reasonable prominence that a member entitled to attend and vote at the meeting may appoint a proxy to attend and vote thereat instead of him and that the proxy need not also be a member. In case of a meeting convened for passing a special Resolution the notice shall also specify the intention to propose the Resolution as a special Resolution as the case may be. The Company shall comply with the provisions of Section 235 of the Act as to giving notice of Resolution and circulating statements on the requisition of Members.

NOTICES TO JOINT HOLDERS

All notices directed to be given to the Member shall with respect to any shares in which persons are jointly entitled, to be given to whichever of such persons is named first in the register, and notice so given shall be sufficient notice to all the holders of such share.

DIRECTORS:

NUMBER AND APPOINTMENT

The Directors shall not unless otherwise determined by an Ordinary Resolution of the Company be less than (3) or more than ten (10)

The first Directors of the Company shall be the Subscriber/ Executive Directors and such subscriber / Executive Directors shall remain directors after their tenure of office as Executive Directors shall also not be subject to retirement by rotation.

POWERS OF DIRECTORS

GENERAL POWERS

The business of the company shall be managed by the Directors who may exercise all such powers of the company, and do on behalf of the company all such acts as may be exercised and done by the company, and are not by the statute or these Articles required to be exercised or done by the company in General Meeting subject nevertheless to any regulations of these Articles or to the provisions of the statutes, and to such regulations (being not inconsistent with the aforesaid regulations or provision) as may be prescribed by the company in General Meeting but no regulations made by the company in General Meeting shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made.

BORROWING POWERS

The Directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the company of any third party.

7. Claims and Litigation

There are no claims or litigations as at the time of writing this prospectus.

8. Material Contracts

The agreement stated below has been entered into and are considered material to the Offer:

A Vending Agreement dated XXXX August, 2013 by which MorganCapital Securities Limited and CashCraft Asset Management Ltd has agreed to offer 230,000,000 Ordinary shares of 50 kobo each at 150 kobo per share by way of an Initial Public Offer for subscription.

Other than as stated above , the Company has not entered into any material contract except in the ordinary course of business.

9. Contingent Liability/Off Balance Sheet Items

There are no contingent liabilities and off-balance sheet items of significant material, as at the date of this Prospectus.

10. Costs and Expenses

The cost, charge and expenses of, and incidental to, the Public Offer including fees payable to professional parties, brokerage commission, advertising, printing and distribution expenses, are estimated at ₦15,000,000 representing approximately 4.35% of the total Offer proceeds and are payable by **MCNICHOLS CONSOLIDATED PLC**.

11. Relationship Between The Issuer And The Financial Adviser/Lead Issuing House And Joint Issuing House

As at the date of this prospectus, there was no relationship between MCNICHOLS CONSOLIDATED Plc. and MorganCapital Securities Ltd. except in the ordinary course of business. The Managing Director of the Joint Issuing House, Mr. Anthony Ikpea sits on the Board of McNichols.

12. Declarations

Except as otherwise disclosed in this Prospectus:

- (a) No share of **MCNICHOLS** is under any option or agreed conditionally or unconditionally to be under option;
- (b) No commissions, discounts, brokerages or other special terms have been granted by **MCNICHOLS** to any person in connection with the offer or sale of any share of the Company;
- (c) Save as disclosed herein, the Directors of MCNICHOLS have not been informed of any holding representing 5% or more of the issued share capital of the Company;
- (d) There are no founder, management or deferred shares or any option outstanding in **MCNICHOLS**;
- (e) There are no material service agreements between MCNICHOLS and any of its Directors and employees other than in the ordinary course of business;
- (f) No Director of **MCNICHOLS** has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the five years prior to the date of this Prospectus;
- (g) No Director or key management staff of the Company is or has been involved in any of the following:
 - A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or partnership in which he was a partner or any company of which he was a Director or key personnel;
 - A conviction in a criminal proceeding in a named subject or pending criminal proceedings relating to fraud or dishonesty; and
 - The subject of any order, judgement or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining him from acting as an investment adviser, dealer in securities, director, or employee of a financial institution and engaging in any type of business practice or activity.
- (h) No existing and potential related-party transactions and conflict of interest in relation to the Company and its related parties;
- (i) There are no amounts or benefits paid or intended to be paid or given to any promoter within the two years preceding the date of the IPO;
- (j) No merger/take-over offers by third parties in respect of MCNICHOLS's securities or merger/take-over offers by MCNICHOLS in respect of the other company's securities during the preceding year and the current financial year.

13. Consents

The under listed parties have given and have not withdrawn their written consents to the issue of this PROSPECTUS with their names being included in the form and context in which they appear:

Mr. Olusegun Layode

Mr. Chimaraoke Ekpe (Managing Director)

Mrs. Irene Otiike-Odibi

Reverend Onyebuchi Agubesi

Mrs. Nneka Briggs

Mr. Anthony Ikpea

Chairman:

Director

Director

Director

Director

Director

S. E. Nomuoja & Co
MorganCapital Securities Limited
CashCraft Asset Management Limited
Abraham Shalom & Co
Funsho Owoyemi& Co
Tokunbo Orimobi Legal Practitioners
United Securities
Diamond Bank Plc
Fidelity Bank Plc
Zenith Bank Plc
United Bank for Africa Plc
MorganCapital Securities Limited

Company Secretary
Lead Issuing House/ Financial Adviser
Joint Issuing House:
Auditors
Reporting Accountants:
Solicitors to the Offer
Registrar
Receiving Banks
Receiving Banks
Receiving Banks
Receiving Banks
Designated Adviser/ Stockbroker

14. Unclaimed Dividend

As at the date of the Offer Prospectus, the company does not have any unclaimed dividend.

15. Related Party Transactions

As at the date of the Initial Public Offer, there are no related party transactions.

16. Research & Development

The Company has not undertaken any R&D in the last three years.

17 Documents available for inspection

Copies of the following documents can be inspected at the offices of

- MorganCapital Securities Limited, No. 3 Biaduo Street, off Keffi Street, South-West Ikoyi, Lagos; and
- MCNICHOLS CONSOLIDATED Plc, 7 Jeminat Laalu Street, Arepo, Kilometer 32, Lagos-Ibandan Expressway, Ogun State,

During normal business hours on any week day (except public holidays) throughout the duration of the Initial Public Offer:

1. Certificate of Incorporation.
2. Memorandum & Articles of Association.
3. Certificate of Increase in the Authorised Share Capital to N230 million.
4. Shareholders' Resolution approving the Initial Public Offer.
5. Board Resolution Approving the Initial Public Offer.
6. Audited Financial Statements of the Company for five years ended 31st December, 2012.
7. Accountants' Report on the audited Financial Statements of the Company for five years ended December 2012 and on the Profit Forecast for five years ending December 31, 2015.
8. Written consents of Directors, Company Secretary and Parties to the Offer stated in note 13 above.
9. The Prospectus issued in respect to the Offer.
10. Claims and Litigation stated in note 7 above.
11. Material Contracts stated in note 8 above.
12. SEC approval of the offer.

PROCEDURE FOR APPLICATION AND ALLOTMENT

1. Application

- 1.1 Prospective Investors to whom this Offer Prospectus is addressed are hereby invited to apply for the shares through the Issuing House (MorganCapital Securities Limited).
- 1.2 Application for the Ordinary shares now being offered must be made in accordance with the instructions set out on the back of the application form. Care must be taken to follow these instructions because applications, which do not comply, will be rejected.
- 1.3 The Application List will be open to each prospective investor from 8am to 5pm from the date of this Offer Prospectus or subject to such earlier closing date as specified in the covering letter to the prospective investor. Late applications will be disqualified
- 1.4 Application will be for a minimum of 5,000 ordinary shares and in multiples of 1,000 thereafter.
- 1.5 The shares being offered shall rank pari-passu in all respects with the ordinary shares of the Company.
- 1.6 Applicants should write their full names, address and daytime telephone numbers in the boxes provided. Joint applicant must all sign the application form. A corporate applicant should state its incorporation number and affix its incorporation seal in the signature box.
- 1.7 The applicant should forward the completed application form together with payment by cheque or bank draft for the full amount drawn on a bank and crossed "MCNICHOLS Initial Public Offer" directly to MORGANCAPITAL SECURITIES LIMITED. All cheques and bank drafts will be presented upon receipt and an application in respect of which cheques or bank drafts returned unpaid will be rejected.
- 1.8 **Allotment**
MORGANCAPITAL and the Directors of MCNICHOLS, reserve the right to accept or reject any application, in whole or in part.
- 1.10. **Application Monies**
Application monies will be retained in separate interest yielding bank account with the Receiving Bank pending allotment.
- 1.11 **Return Monies**
All excess/rejected application monies will be returned with interest by registered post within 5 days and share certificates will be dispatched by registered post within 15 working days.

2. Receiving Agents

Duly completed application forms and subscriptions should be forwarded directly to:
MorganCapital Securities Limited, 3 Biaduo Street, off Keffi Street, South West Ikoyi, Lagos.

APPLICATION FORM

Application List Opens

xyz, XXXXXXXXX,
2013

Application List Closes

xyz, XXXXXXXXXX,
2013**MCNICHOLS CONSOLIDATED PLC**

RC:509201

**Initial Public Offer of 230,000,000 Ordinary Shares of
₦0.50 each at ₦1.50 per share**

FINANCIAL ADVISER/LEAD ISSUING HOUSE**MorganCapital Securities RC:306609**

3, Biaduo Street, off Keffi Street, S/West Ikoyi Lagos

Tel: 234-1-2714713-4, 08107596134 E-Mail: mcnichols-IPO@morgancapitalgroup.com**JOINT ISSUING HOUSE****CashCraft Asset Management RC:170375**

7th Floor, Foreshore Towers 2a Osborne Road Ikoyi

Application must be made in accordance with the instructions set out on the back page of this application form. Care must be taken to follow these instructions, as applications which do not comply will be rejected. If you are in any doubt as to the action to take, please consult your stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately.

Please complete all relevant sections of the Application Form USING BLOCK LETTERS

Minimum subscription:

- 5,000 ordinary shares, and in multiples of 1,000 units thereafter.

A NUMBER OF ORDINARY SHARES APPLIED

PRICE:

₦1.50per Share**PAYMENT DETAILS:**

BANK	CHEQUE/BANK DRAFT No.	AMOUNT
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B. NAME OF APPLICANT:

CSCS A/C NUMBER (If available)

CSCS CHN NUMBER (If available)

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Incorporation number /corporate seal (for corporate Organization only)

C. ADDRESS:

D. BANK ACCOUNT NUMBER:

E. NAME AND ADDRESS OF BANK:

F. CONTACT TELEPHONE DETAILS DURING BUSINESS HOURS:

G. NEXT OF KIN:

RELATIONSHIP:

H. DECLARATION:

- I/We confirm that I/We have read and understood the PROSPECTUS dated xxxx to which this Application Form is attached.
- I/We attach the amount payable in full on application for the number of shares that I/we wish to subscribe to in McNichols Consolidated Plc at ₦1.50 per share.

- I/We authorise you to send a share certificate and/or a cheque for any return money due to me/us, by registered post to the address given above and to procure registration in my/our name as the holder(s) of such number of shares or such smaller number, as aforesaid.

I. APPLICANT DETAILS:

Authorised Signatory – Names:

Designation:

Signature

FOR REGISTRARS USE ONLY

Number of Ordinary shares Applied for	Number of shares Allotted	Amount Paid (₦)	Value of shares Allotted (₦)	Amount to be returned (₦)
				Cheque no.

ISSUING HOUSE/RECEIVING AGENT STAMP:

APPLICATION FORM

1. Application should be made only on the Application Form
2. The Application form when completed should be lodged with the Issuing Houses (i.e., MorganCapital Securities Limited, 3 Biaduo Street, off Keffi Street, Ikoyi South-West, Ikoyi, Lagos). The cheque or bank draft must be crossed “**MCNICHOLSINITIAL PUBLIC OFFER**” with the name(s), address(es) and daytime telephone number(where applicable) of the applicant(s) at the back, for the full amount due on application. All cheques will be presented for payment on receipt. Applications in respect of which cheques are returned unpaid for any reason will be rejected.
3. An application from a corporate body must bear the corporation’s official seal and be completed under the hand of a duly authorised official who shall also state his/her designation.
4. An application from a pension or provident fund must be in the name of each individual trustee unless the trustee is a limited liability company.
4. The applicant should not print his signature.

**APPLICATION FORM
MCNICHOLS CONSOLIDATED
PLC**

BANKS		
Access Bank Plc	Guaranty Trust Bank Plc	Sterling Bank Plc
Diamond Bank Plc	Keystone Bank Limited	United Bank for Africa Plc
EcoBank Nigeria Plc	Mainstreet Bank Limited	Union Bank of Nigeria Plc
Enterprise Bank Limited	Nigeria International Bank Limited (Citigroup)	Unity Bank Plc
Fidelity Bank Plc	Skye Bank Plc	Wema Bank Plc
First Bank of Nigeria Plc	Stanbic IBTC Bank Plc	Zenith Bank Plc
First City Monument Bank Plc	Standard Chartered Bank Limited	
AAA Stockbrokers Ltd	Forte Asset Management Ltd	Premium Securities Ltd
Adamawa Securities Ltd	Forthright Securities & Investments Ltd	Professional Stockbrokers Ltd
Ail Securities Ltd	Fountain Securities Ltd	Pivot Trust & Investment Ltd
Alangrange Securities Limited	FSDH Securities Limited	Profund Securities Ltd
Alliance Capital Mgt co. Ltd	Future View Financial Services Ltd	PSL Securities Ltd
Altrade Securities Ltd	Gidauniya Investments & Securities Ltd	Pyramid Securities Ltd
AMYN Investments Ltd	Global Assets & Management Ltd	Quantum Securities Ltd
Anchoria Investment & Securities Ltd	Golden Securities Ltd	Reading Investments Ltd
APT Securities & Funds Ltd	Greenwich Trust Ltd	Regency Assets Management Ltd
Associated Asset Managers Ltd	GTI Capital Ltd	Resano Securities Ltd
Atlas Portfolio Ltd	Heartbeat Investments Ltd	Resort Securities & Trust Ltd
Belfry Investment & Sec. Ltd	Hedge Securities & Investments Ltd	Reward Investments & Securities Ltd
Best Link Investment Ltd	Horizon Stockbrokers Ltd	Rivtrust Securities Ltd
Bestworth Assets & Trust Ltd	IBTC Asset Management Ltd	Rolex Securities Ltd
BFCL Assets & Securities Ltd	ICMG Securities Ltd	Rostrum Investments & Securities Ltd
BGL Securities Ltd	ICON Stockbrokers Ltd	Royal Crest Finance Ltd
BSD Securities Ltd	Ideal Securities & Investments Ltd	Santrust & Securities Ltd
Bytofel Trust & Securities Ltd	Independent Securities	Securities Solutions Ltd
Calyx Securities Limited	Intercontinental Securities Ltd	Securities Trading & Investment Ltd
Cashcraft Asset Management Limited	Integrated Trust & Investments Ltd	Securities Transaction & trust Co Ltd
Camry Securities Limited	International Standard Securities Ltd	Security Swaps Ltd
Capital Assets Ltd	Interstate Securities Ltd	Shelong Investment Ltd
Capital Bancorp Ltd	Investment Centre Ltd	Sigma Securities Ltd
Capital Express Securities Ltd	Investment Masters & Trust Ltd	Signet Investments Securities Ltd
Capital Trust Brokers Ltd	Jenkins Investment Ltd	SMADAC Securities Ltd
Calyx Securities Ltd.	Kapital Care Trust & Securities Ltd	Solid Rock Securities & Investment Ltd
Centre Point Investment Ltd	Kinley Securities Ltd	Spring Stockbrokers Limited
Century Securities Ltd	Kundila Finance Services Ltd	Springboard Trust & Investment Ltd
Chapel Hill Advisory Partners Limited	Lambeth Trust & Investment Co. Ltd	Stanbic Equities Nigeria Ltd
Clearview Investment Company Ltd.	LB Securities Ltd	Stanwal Securities Ltd
City-Code Trust & Investment Co Ltd	Lead Capital Ltd	Strategy & Arbitrage Ltd
Compass Investment & Securities Limited	Lighthouse Asset Management Ltd	Summa Guaranty & Trust Co Ltd
Consolidated Investment Ltd	Maclaize Trust & Securities Ltd	Summit Finance Company Ltd
Cooper Fleming Stockbrokers Ltd	Mainland Trust Ltd	Supra Commercial Trust Ltd
Core Trust & Investment Ltd	Maninvest Securities Ltd	TFS Securities Ltd
Counters Trust Securities Ltd	Marimpex Finance & Investment Ltd	Tiddo Securities Ltd
Cowry Asset Management Ltd	Marina Securities Ltd	Tomil Trust Ltd
Crossworld Securities Ltd	Maven Asset Management Ltd	Topmost Finance & Investment Ltd
CSL Stockbrokers Ltd	Maxifund Investments & Securities Ltd	Tower Assets Management Ltd
Davandy Finance & Sec. Ltd	Mayfield Investment Ltd	Tower Securities & Investment Co Ltd
De-Canon Investment Ltd	MBC Securities Ltd	Traders Trust & Investment Co Ltd
De-Lords Securities Ltd	MBL Financial Services Ltd	Trans Africa Financial Services Ltd
Denham Management Ltd	Mega Equities Ltd	Transworld Investment Ltd
Dependable Securities Ltd	Mercov Securities Ltd	Tropics Securities Ltd
Dynamic Portfolio Ltd	Meristem Securities Ltd	Trust Yield Securities Ltd
EBN Securities Ltd	Metropolitan Trust Nigeria Ltd	Trusthouse Investment Ltd
Emerging Capital Ltd	Midas Stockbrokers Ltd	TRW Stockbrokers Ltd
Empire Securities Ltd	Mission Securities Ltd	UBA Global Markets Ltd
Enterprise Stockbroker Plc	Molten Trust Ltd	UIDC Securities limited
ESL Securities Limited	Mountain Investment & Securities Ltd	UNEX Securities & Investment Ltd
ESS Investment & Trust Ltd	MorganCapital Securities Ltd	Union Capital Markets Ltd
Eurocomm Securities Ltd	Newdevco Finance Securities Ltd	Valmon Securities Ltd
Excel Securities Ltd	Nigerian International Securities Ltd	Valueline Securities & Investment Ltd
Express Portfolio Services Ltd	Nigerian Stockbrokers Ltd	Vetiva Capital Management Limited
F & C Securities Ltd	Omas Investments & Trust Ltd	Vision Trust & Investment Ltd
Falcon Securities Ltd	OMF Securities & Finance Ltd	Viva Securities Ltd
FBN Capital Limited	Options Securities Ltd	Wizetrade Capital Asset Management Ltd
Finmal Finance Services Ltd	P.S.I. Securities Ltd	WSTC Financial Services Ltd
First Alstate Securities	Partnership Investment Co. Ltd	Yobe Investment & Securities Ltd
First Equity Securities Ltd	Peninsula Asset Management & Inv. Co. Ltd	Zenith Securities Limited
First Stockbrokers Ltd	Perfecta Investment Trust Ltd	Zuma Securities Limited
FIS Securities Ltd	Pilot Securities Limited	
Foresight Securities Investments Ltd	Pinefields Investment Services Ltd	