RC: 640303

Notore Chemical Industries Plc

LISTING BY INTRODUCTION

On the Main Board of

The Nigerian Stock Exchange

Of

1,612,066,200 Ordinary Shares of ₦0.50 Each

At

₦62.50 per Share

Lead Financial Adviser:

FBNQuest Merchant Bank

RC: 446599

Joint Financial Adviser:

VETIVA CAPITAL MANAGEMENT LIMITED RC.485600

Lead Stockbroker:

FBNQuest Securities

RC: 169024

Joint Stockbroker:

VETIVA SECURITIES LIMITED RC. 622855

This Listing Memorandum is dated 27 July, 2018

Table of Contents

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them below.

"Ammonia"	A compound of nitrogen and hydrogen with the chemical formula NH_3
"Board" or "Directors"	The board of directors of the Company, whose names are set out on pages [9-10] of this Listing Memorandum
"BDC"	Bureau de Change
"CAC"	The Corporate Affairs Commission, being the companies' registry in Nigeria pursuant to CAMA
"CAMA"	The Companies and Allied Matters Act, Cap C20, LFN, 2004
"CBN"	The Central Bank of Nigeria
"CITA"	The Companies Income Tax Act, Cap C21, LFN, 2004
"Company" or "Notore" or Notore Chemical Industries Plc"	Notore Chemical Industries Plc, formerly Notore Chemical Industries Limited, a company registered in the Federal Republic of Nigeria with RC number 640303 and registered office address at the Notore Industrial Complex, Onne, Rivers State, Federal Republic of Nigeria
"Compound Fertiliser"	The chemical fertiliser produced from mixing nitrogen, phosphate and potassium
"DMB"	Deposit Money Bank
"Director"	A director of the Company
"Dollars", "USD", "US$" and/or "$"	United States Dollars or such lawful currency of the government of the United States from time to time
"EBITDA"	Earnings Before Interest Tax Depreciation and Amortisation
"Eroton"	Eroton Exploration & Production Company Limited
"Federal Government"	The federal government of the Federal Republic of Nigeria
"FEED"	Front-End Engineering and Design
"FX"	"Foreign Exchange"
"GCFR"	Grand Commander of the Order of the Federal Republic
"GDP"	Gross Domestic Product
"Group"	The Company and all of its subsidiary undertakings and associated companies collectively, from time to time, and a "Group Company" shall mean any member of the Group
"HSE"	Health, Safety and the Environment
"IDITRA"	The Industrial Development (Income Tax Relief) Act, Cap C17, LFN, 2004
"IMF"	The International Monetary Fund
"IPP"	Independent Power Producer

"kg"	Kilogram
"LFN"	Laws of the Federation of Nigeria
"mm"	Millimetre
"mmscf"	Relating to gas, a million standard cubic feet
"mscf"	Relating to gas, a thousand standard cubic feet
"mt"	Metric ton
"mtpa"	Metric tonnes per annum
"mtpd"	Metric tonnes per day
"MW"	Megawatt
"NAFCON"	National Fertiliser Company of Nigeria Limited
"NAFEX"	Nigerian Autonomous Foreign Exchange
"Naira", or "₦"	The Naira, or such lawful currency of the government of the Federal Republic of Nigeria from time to time
"NBET"	The Nigerian Bulk Electricity Trading Plc
"NBS"	National Bureau of Statistics
"NGC"	The Nigerian Gas Company, a subsidiary of NNPC, being the former national utility company responsible for the distribution of gas, which was split in 2016 into the NGMC and the NGPTC
"NGMC"	The Nigerian Gas Marketing Company Limited, which now owns all the gas supply contracts and operates the gas supply business of the NGC
"NGO"	Non-Governmental Organisation
"NGPTC"	The Nigerian Gas Processing and Transportation Company Limited, which now owns and operates the government owned gas transmission network
"NIBSS"	Nigeria Inter-Bank Settlement System
"Nigeria" or the "Nation"	The Federal Republic of Nigeria
"NNPC"	Nigerian National Petroleum Corporation
"Non-Executive Directors"	The non-executive directors of the Company
"Notore Foods"	Notore Foods Limited, a subsidiary of the Company
"Notore Industrial City" or "NIC"	Notore Industrial City Limited, a subsidiary of the Company
"Notore Port"	The private jetty owned by the Group and located at the Onne Complex
"Notore Power"	Notore Power Limited, a subsidiary of the Company
"Notore Seeds"	Notore Seeds Limited, a subsidiary of the Company
"Notore Supply & Trading"	Notore Supply and Trading (Mauritius) Limited, a subsidiary of the Company

"NPK"	A type of compound fertilizer made up of nitrogen, phosphate and potassium
"OML"	Oil Mining Lease
"Onne Fertiliser Plant"	The Notore Chemical Industries Plc Ammonia and urea plant situated at Onne, Rivers State, Nigeria
"Ordinary Shares"	Ordinary shares of 50 kobo each in the share capital of the Company
"PLC" or "Plc"	Public Limited Company
"PwC"	PricewaterhouseCoopers
"SPV"	Special Purpose Vehicle
"States"	The states of the Federal Republic of Nigeria and "State" means any one of them
"Sub-Saharan Africa"	The geographical area of the continent of Africa that lies to the south of the Sahara desert
"The NSE"	The Nigerian Stock Exchange
"Train II"	The New Fertiliser Plant being developed by Notore
"Urea"	A nitrogeneous based fertilizer

Head Office:

Notore Industrial Complex
Onne
Rivers State

Lagos Office:

6th Floor, Keystone Bank Building
1 Keystone Bank Crescent
Off Adeyemo Alakija Street
Victoria Island
Lagos

Abuja Office:

The Clan Place
2nd Floor (Middle)
Plot 1386
Tigris Crescent
Off Aguiyi Ironsi Street
By NYSC Headquarters
Maitama District
Abuja, Federal Capital Territory

Summary of the Listing Application

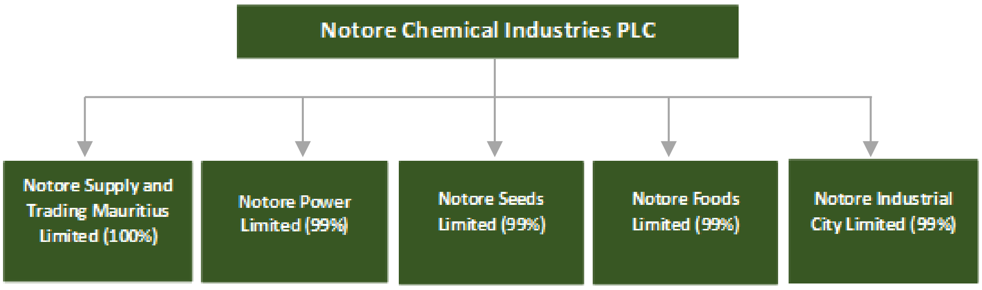
This summary draws attention to information contained elsewhere in this Listing Memorandum; it does not contain all of the information you should consider in approving this application. You should therefore read this summary together with the more detailed information, including the financial statements elsewhere in this Listing Memorandum.

Company:	Notore Chemical Industries Plc
Lead Financial Adviser:	FBNQuest Merchant Bank Limited
Joint Financial Adviser:	Vetiva Capital Management Limited
Stockbrokers	FBNQuest Securities Limited Vetiva Securities Limited
Share Capital (As at the date of this Lisiting Memorandum): Authorised: Issued and Fully Paid:	1,000,000,000 Naira comprising 2,000,000,000 ordinary shares of 50 kobo each 806,033,100 Naira comprising 1,612,066,200 ordinary shares of 50 kobo each
Mode of Listing	Listing by Introduction
Purpose:	Notore Chemical Industries Plc is undertaking a Listing by Introduction of its entire ordinary shares to promote better liquidity of its ordinary shares in the secondary market and have access to long term capital from a wide range of local and international investors when required.
Market Capitalisation at Listing:	₦100,754,137,500.00
Shareholding Structure	As at the date of this Listing Memorandum, the 1,612,066,200 ordinary shares in the share capital of the Company are beneficially held as follows:
Indebtedness:	As at 30th September, 2017, the Company had bank facilities in the ordinary course of business amounting to ₦72,989,892,000.00

Shareholder	Number of Shares Held	%
Notore Chemical Industries (Mauritius) Limited[1]	1,242,400,000	77.07
TY Holdings Limited	129,629,630	8.04
Africa Finance Corporation	79,048,000	4.90
NPK Investment Limited	74,074,070	4.60
Employee Stock Option Plan	48,362,500	3.00
Engr. Mike Orugbo	34,333,330	2.13
Okmine Global Services Limited	4,218,670	0.26
Total	**1,612,066,200**	**100.00**

[1] Notore Chemical Industries (Mauritius) Limited is a Special Purpose Vehicle incorporated to hold the shares of some institutional investors in Notore Chemicals Industries Plc. The ultimate beneficial owners of Notore Chemical Industries (Mauritius) Limited and their indirect holdings in Notore Chemicals Industries Plc are as follows: Oyeladuk Global Concepts Limited 624, 000,000 shares (38.7%); TY Holdings Limited 224,000,000 (13.9%); OCI Fertilizer B.V 210,721,590 (13.1%); ECP Africa Fund II PCC 183,678,410 (11.4%).

Group Structure:



Consolidated Financial Summary:

Year ended	12 months Sept-17	12 months Sept-16	12 months Sept-15
	₦'m	₦'m	₦'m
Net operating income	6,943	2,408	(4,631)
(Loss)/Profit before taxation	(2,148)	(11,835)	(11,871)
(Loss)/Profit after taxation	8,652	(12,017)	(11,871)
Paid-up share capital	806	806	806
Total assets	147,215	153,345	86,793
Net assets	50,686	41,968	7,607
Basic EPS (₦)	5.37	(7.45)	(7.36)

Claims and Litigations:

As at 30 November 2017, the aggregate claim for general damages and compensation and special damages against Notore are **₦806,431,437 (Eight Hundred and Six Million, Four Hundred and Thirty-One Thousand, Four Hundred and Thirty Seven Naira)** and **US$ 10,640,000.00 (Ten Million, Six Hundred and Forty Thousand United States Dollars**).

BOARD OF DIRECTORS	
CHAIRMAN	**General (Dr.) Yakubu Gowon GCFR** No. 10, Okotie Eboh Street Ikoyi, Lagos State
CHIEF EXECUTIVE OFFICER	**Mr. Onajite Paul Okoloko** 6th Floor, Keystone Bank Building 1, Keystone Bank Crescent Off Adeyemo Alakija Street Victoria Island, Lagos State
NON-EXECUTIVE DIRECTOR	**Mr. Michael Osime** 8b, Ademola Street Off Awolowo Road, Ikoyi Lagos State
NON-EXECUTIVE DIRECTOR	**Mr. Richard Herb** 30, Old Palace Lane Richmond Surrey TW9 1PQ United Kingdom
NON-EXECUTIVE DIRECTOR	**Engr. Mike Orugbo JP** 29, Maduka Street, Warri Delta State
NON-EXECUTIVE DIRECTOR	**Chief Odoliyi Lolomari** 2, Apapa Road GRA Phase II Port Harcourt Rivers State
NON-EXECUTIVE DIRECTOR	**Mr. Ike Osakwe** 3A, Eko Akete Close Ikoyi Lagos State
NON-EXECUTIVE DIRECTOR	**Mr. Michael Jansa** 2020k Street, NW Suite 400 Washington DC 20006 United States of America
NON-EXECUTIVE DIRECTOR	**Mr. Oluwaseyi Owodunni** 17B, Hunponu-Wusu Street Lekki Phase I Lagos State
NON-EXECUTIVE DIRECTOR	**Mr. Hassan H. Badrawi** 2B, Nile Street Giza Street Egypt
EXECUTIVE DIRECTOR/CHIEF FINANCIAL OFFICER	**Mr. Femi Agbaje** 6th Floor, Keystone Bank Building 1, Keystone Bank Crescent Off Adeyemo Alakija Street Victoria Island, Lagos State
NON-EXECUTIVE DIRECTOR	**Mr. Geoffroy Dedieu** 660 Allee Des 4 Vents 45160, Ardon United Kingdom

NON-EXECUTIVE DIRECTOR	**Mr. Bashir Lebada** Nile City, South Tower 2005A Corniche El Nil Cairo Egypt
NON-EXECUTIVE DIRECTOR	**Mr. Bernard Longe** TY Holdings Limited South Atlantic Petroleum Towers (SAPETRO) 1, Adeola Odeku Street Victoria Island, Lagos State
COMPANY SECRETARY	**Mrs. Otivbo Saleh** 6th Floor, Keystone Bank Building 1, Keystone Bank Crescent Off Adeyemo Alakija Street Victoria Island, Lagos State
PROFESSIONAL PARTIES	
LEAD FINANCIAL ADVISER	**FBNQuest Merchant Bank Limited** 10, Keffi Street Off Awolowo Road Ikoyi, Lagos State
JOINT- FINANCIAL ADVISER	**Vetiva Capital Management Limited** Plot 266B, Kofo Abayomi Street Victoria Island Lagos State
STOCKBROKERS	**FBNQuest Securities Limited** 16, Keffi Street Off Awolowo Road Ikoyi Lagos State **Vetiva Securities Limited** Plot 266B, Kofo Abayomi Street Victoria Island Lagos State
SOLICITORS TO THE COMPANY	**Templars** The Octagon (5th Floor) 13A, A.J. Marinho Drive, Victoria Island Annexe. Victoria Island Lagos State
SOLICITORS TO THE LISTING	**Banwo & Ighodalo** 98, Awolowo Road South West Ikoyi Lagos State
REGISTRARS	**DataMax Registrars Limited** 2c, Gbagada Expressway Gbagada Phase 1 Lagos State

AUDITORS	**Pricewaterhousecoopers** Landmark Towers 5B, Water Corporation Street Victoria Island Lagos State

Overview of the Business

Notore is a vertically integrated agro-allied and chemicals business situated in Onne (near Port Harcourt), Rivers State in South-South Nigeria and is engaged primarily in the production and sale of fertiliser products. The Group operates from its Onne Complex in the heart of the Niger Delta, Africa's most prolific oil and gas producing region.

The Onne Complex is located within the Notore Chemical Industries Free Zone, which provides significant tax benefits and advanced logistics solutions for international distribution of products. The Onne Complex comprises of approximately 560 hectares of land owned by the Group with a 2 km of waterfront including the Notore Port and a dedicated jetty (with a capacity to accommodate vessels with a maximum volume of 15,000 mt) owned by the Group. The Notore Port gives the Group easy access to the Atlantic Ocean for easy import of raw materials and export of the Group's products.

The Group's current and proposed business comprises:

- Fertiliser Production - Current
- Supply and trading of Fertiliser - Current
- Power - Current
- Foods – Proposed
- Improved seeds sales and distribution – Proposed

The Group currently produces Urea and Ammonia and owns a Urea producing plant in Onne, Rivers State with a current annual design production capacity of approximately 500,000 mtpa of urea and 330,000 mtpa of Ammonia . The Group currently supplies and sells its fertiliser products across the thirty six (36) states in Nigeria including Abuja, the Federal Capital Territory.

The Group intends to optimise the Onne Fertiliser Plant via a scheduled maintenance slated for the first quarter of 2019; thereafter it would also expand its production capacity via a revamp programme. In addition, the Group intends to commence construction of a second fertiliser and petrochemicals plant (the "New Fertiliser Plant") at the Onne Industrial Complex in a joint venture with Mitsubishi Corporation and other identified international investors. This together with its existing plant is expected to achieve an aggregate increase in the Group's fertiliser production capacity from 500,000 mtpa to approximately 1,500,000 mtpa of fertiliser and also introduce 500,000 mtpa of other petrochemicals.

The Group trades and exports its manufactured fertiliser products to West Africa, South Africa, South America, and Europe.

The Group is in the process of developing a seed distribution and crop protection products business ("Notore Seeds") as well as a food distribution business focused on off-taking agricultural products from end-users of its fertiliser products ("Notore Foods").

The Group owns two units of 25MW gas-turbine power plants (the "Onne Power Plant") at the Onne Industrial Complex, although one of them is not functional. The functioning power plant ensures low cost and reliable power supply to the Group's operations at the Onne Industrial Complex. Nevertheless, the Group intends to acquire and install another gas turbine power plant by the second quarter of 2019 in order to provide back-up power supply for its operations.The excess electricity generated from the back-up power plant will be made available for sale to third parties.

In the financial year ended 30th September 2017, the Group achieved gross revenues of approximately ₦35.9 billion and profit after tax of ₦8.65 billion.

Corporate History and Structure of the Group

Corporate History

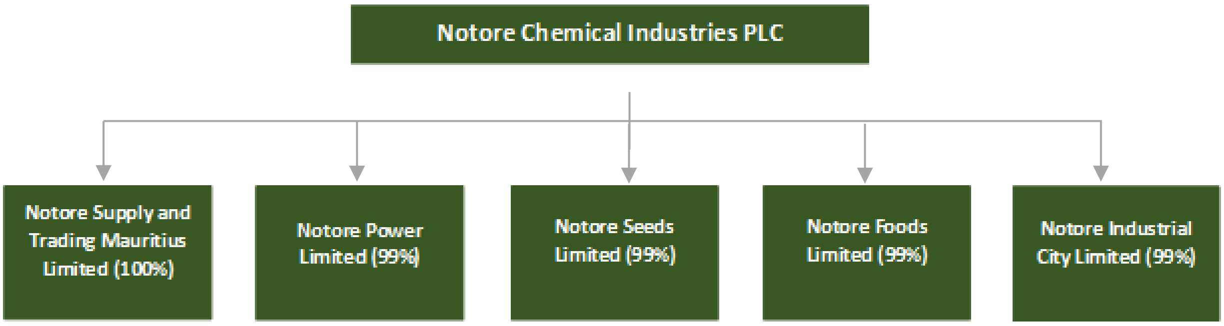
In 2005, O'Secul Fertilizer Limited, which later changed its name to Notore Chemical Industries Limited, acquired the core assets of NAFCON. These assets included the Onne Fertiliser Plant, the Onne Power Plant, as well as the existing infrastructure at the Onne Industrial Complex, including the Notore Port and gas supply infrastructure and pipelines. Notore Chemical Industries Limited converted to a public limited liability company in June 2014.

Corporate Structure

The Company has five subsidiaries, namely Notore Power, Notore Supply and Trading, Notore Industrial City and Notore Seeds.The last subsidiary, Notore Foods is currently in incubation. Notore Foods will run the Group's food business once it becomes operational.

Notore MC SPV Limited is a special purpose vehicle created for the joint development of the New Fertiliser Plant with Mitsubishi Corporation.

The current corporate structure of the Group is shown below:



<u>Notore Chemical Industries Plc</u>

The key asset of the Group is the Onne Fertiliser Plant, a Urea plant situated at Onne, Rivers State, Nigeria. The Onne Fertiliser Plant was acquired by the Group in 2005 as part of the Group's acquisition of the core assets of the NAFCON. The Onne Fertiliser Plant was built in the early 1980s by Kellogg Brown and Root of the United States and originally commenced production in 1987 with a design capacity of 1,500 mtpd of Urea. Between 1990 and 1992, the Onne Fertiliser Plant was recognised as one of Kellogg Brown and Root's most efficient plants, running at over 100 per cent of design capacity.

The Group's primary fertiliser products are:

- Granular Urea;
- Ammonia; and
- Blended Compound Fertiliser (a composition of Nitrogen (N), Phosphate (P) and Potassium (K)).

The Group's granular Urea is of premium quality with a formaldehyde coating that enables it to dissolve slowly and release its nutrients slowly on application, making it suitable for tropical climates. Urea is the most widely used form of fertiliser in the world due to its suitability for growing cereal crops. The Group also produces specialised granular and bulk blended Compound Fertilisers for both local and regional markets. Compound Fertilisers are primarily used in the pre-planting phase to provide uniform nutrient distribution. They can also be produced in different ratios to suit certain crop types and soil conditions.

Ammonia is a major reactant during the Urea production process and a valuable source of nitrogen that is essential for plant growth. Ammonia is used in the production of liquid fertiliser solutions, as a source of protein in livestock feeds and as a pre-harvest cotton defoliant, an anti-fungal agent on certain fruits and as a preservative for the storage of high-moisture corn.

The Onne Fertiliser Plant has a current annual design production capacity of approximately 500,000 mtpa of Urea and 330,000 mtpa of Ammonia. Below is a six-year historical production and sales report (in volumes) of the Onne Fertiliser Plant

Year	31 Dec 2012	30 Sept 2013	30 Sept 2014	30 Sept 2015	30 Sept 2016	30 Sept 2017
Ammonia Produced (mt)	260,001	134,853	133,486	152,300	189,961	203,223
Urea Produced (mt)	369,838	192,845	200,547	209,459	271,585	315,228
Urea Sales (mt)	369,683	193,880	197,174	196,724	270,159	310,531

The significant shortfall in the volumes produced between 2013 and 2016 financial years occurred because in 2013 and 2014, the Group suffered gas supply challenges to its facilities for approximately 234 days cumulative owing to the incessant militant activities in the Niger Delta. As a result, the Group could not produce for those days given that its major feedstock is gas. Another significant factor for the shortfall was the decline in the Onne Fertiliser Plant's reliability by 2015 due to the numerous unexpected shut down it experienced caused by disruption in gas supply. The Group has taken extensive measures to secure its future gas supplies (refer to page 21 for further details).

To prevent a recurrence of the gas supply challenge, the Group entered into an interim gas supply agreement in January 2015 with Accugas Limited followed by a new gas contract with an indigenous gas provider, Eroton Exploration & Production Company Limited. Consequently, the Group has not experienced gas supply disruption since Eroton commenced gas supply to its production facilities in March 2016. Furthermore, the Group made some maintenance/capital expenditure on the Onne Fertiliser Plant in fourth quarter 2016 to improve the reliability of the plant.
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The Group's near term objective is to optimize the Onne Fertiliser Plant via a scheduled maintenance slated for the first quarter of 2019, in order to optimise utilization of its design capacity of 500,000 mtpa of urea. Its medium term plan is to increase its fertiliser production capacity to 1,500,000 mtpa by 2022 via the construction of a new plant that will add additional capacity of 1,000,000 mtpa.

The Group has executed a US$37,000,000 funding term sheet with an African development financial institution. The funding, which is expected to be available by September 2018, following the legal documentation of the transaction, will allow the Group to optimize the Onne Fertiliser Plant by the first quarter of 2019 through the following projects collectively referred to as the turn-around maintenance ("TAM") programme:

Scheduled Maintenance of Existing Plant

The scheduled maintenance, also referred to as the TAM is required to improve the plant reliability. This project is expected to be carried out in the first quarter of 2019. The main purpose of this project is to ensure that the existing plant produces at its design capacity of 500,000 mtpa of Urea. Based on global practice, a typical plant process line is expected to undergo TAM every 24 – 30 months in order to ensure that the plant runs at optimal capacity. Orders have been placed for some of the key equipment required for the TAM and the vendors expected to carry out the maintenance work have been engaged.

Acquisition and Installation of Back-up Power Plant

Notore has two Mitsubishi 25 MW gas-fired turbines that generate power for its operations at the Onne Industrial Complex. Currently, only one of the turbines is functioning. Accordingly, Notore intends to acquire and install a back-up power plant by the first quarter of 2019. Notore's current power consumption is about 8 - 13 MW, hence, upon installation of the back-up power plant, Notore intends to sell the excess power generated to third parties. The power plant will be located within the Onne Industrial Complex.

Purchase of Plant Spares

This covers spare parts required for replacing worn-out/obsolete equipment in the plant in the event of an unexpected breakdown. The spare parts to be purchased have been identified by the Company's engineers in conjunction with its technical adviser. The Onne fertilzer Plant is a process plant that runs all day, consequently, availability of the required spare parts improves the plant reliability.

Upgrade of Electronic Control Systems

The Onne fertilzer Plant currently runs on an analog control system; therefore a transition to a digital control system is imperative in order to complement the expected plant reliability that the 2019 TAM will deliver. One of the key benefits of a digital system is that it aids the monitoring of the plant system efficiently. This project will be carried out in phases and it is expected to be concluded within 12 months from funds availability date.

Notore Industrial City

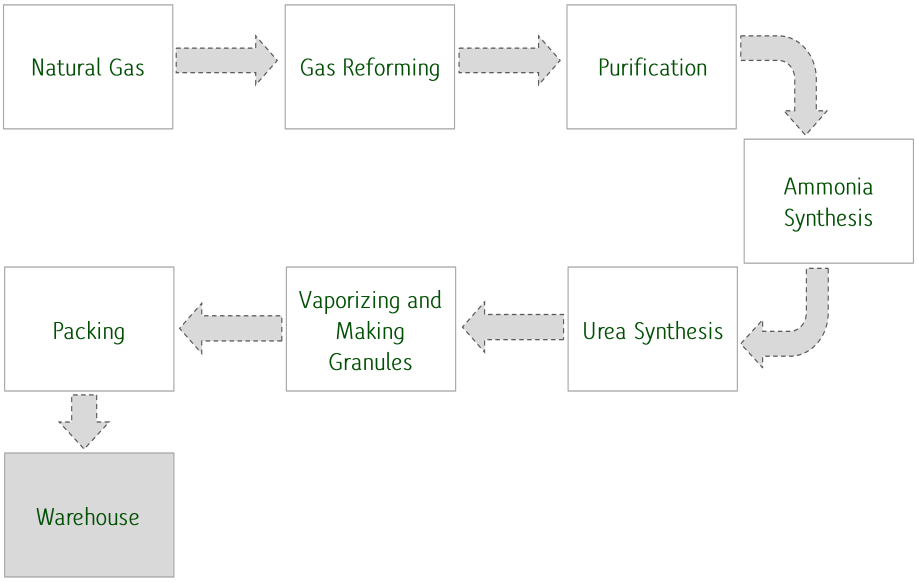
Notore was granted a Free Zone Developer (FZD) license in 2017 by the Onne Oil & Gas Free Zones Authority (OGFZA) to operate and expand the Oil & Gas Free Zone in Onne. Notore Industrial City is being developed on a private real estate of 560 hectares owned by Notore with government approved Certificate of Occupancy and Title of 85 years. A world class industrial master plan designer has since commenced work with the theme of "Work, Live and Play" to realize the vision for NIC. NIC plans to expand its built area from 120ha to 560ha and to provide 24/7 operations with a wide range of services and facilities – from cargo handling and inventory management to warehousing, stacking yards, offices, camp accommodation and recreational facilities. Positioned strategically along the Notore Channel with navigational access to the Atlantic Ocean, NIC is a predominantly gas hub and logistics industrial base that provides integrated solutions to companies operating in West Africa along the entire oil and gas value chain.

Production Process

The basic steps involved in the production processes relating to the Group's various products are as follows:

Urea

Production Process:



Gas Reforming: Natural gas is the main raw material for the production of the Group's fertiliser and it, undergoes an industrial process to generate hydrogen.

Purification: The semi-liquid natural gas is purified, and impurities and harmful gases are removed by washing, transforming, absorbing and separation processes, obtaining hydrogen and nitrogen, which comply with the industrial standards, required for Ammonia synthesis.

Ammonia synthesis: Hydrogen and nitrogen are synthesised into pure synthetic Ammonia under high temperature and pressure with a catalyst, and then sent to the Ammonia storage tank for storage.

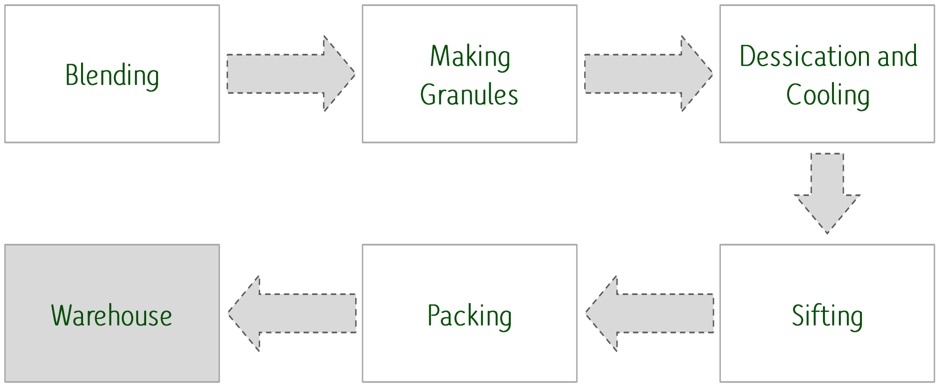
Urea synthesis: Synthetic Ammonia from the Ammonia storage tank is reacted with carbon dioxide produced during the purification of the Ammonia to produce Urea solution.

Vaporising and making granules: The Urea solution is extracted and purified to obtain Urea in a fusion state, which is then granulated and packed.

Packing: The qualified urea products are packed, weighed, and then sent to the finished products warehouse.

Compound Fertiliser

Production Process:



Blending: The raw materials such as carbamide, monoammonium phosphate, potassium sulphate, and potassium chloride are mixed together in pre-determined volumes.

Making granules: The raw materials are crushed, mixed together, and granulated within a fluid mixture formed by carbamide, steam, and water. The granules are then sent to the dryer by conveyor belt.

Desiccation and cooling: The granules are tossed within the dryer, causing the granules to come into contact with hot gas from the hot blast stove, drying and granules. The dried granules are cooled and sent to the vibrating sift for sifting.

Sifting: The cooled granules are sifted through a 4.5 mm hole; granules larger than 4.5 mm are sent back to the crusher for crushing and then re-made into granules; granules smaller than 4.5 mm are sifted through a 2.0 mm hole, then sent to the membrane-wrapping machine for packing.

Packing: The finished products are packed and sent for electronic weighing before being stored in the finished products warehouse.

Marketing and Distribution

The Group's focus market is Nigeria, in particular, and Africa, in general as the Group's vision is to play a leading role in Nigeria and Africa's "Green Revolution".

Prior to the Group's acquisition and rehabilitation of the Onne Fertiliser Plant, fertiliser distribution in Nigeria was generally limited to urban and peri-urban centres, thereby limiting the access of more than 90 per cent of Nigeria's approximately 14 million[2] farming households who live in rural communities to fertiliser products. To address this problem, the Group's distribution network aims to ensure the effective and efficient distribution of its fertiliser products to provide easy access for all farmers.

The Group exports fertiliser products to Cameroon, Togo, Ivory Coast, Senegal, Angola, France, and Uruguay. Although it exports to Europe and South America, the Group's principal target export markets are within West Africa, where it

[2] National Bureau of Statistics, Nigeria

plans to expand its presence in the short to medium term. This is because of the region's fast growing agricultural sector, which contributes 30-40 percent of the region's GDP and over 15 percent of regional export earnings. Also, the region has the lowest rates of fertilizer utilization in the world[3], giving Notore and other fertilizer companies significant scope for growth.

Given that Nigeria operates a single planting season, there is reduced demand for the Group's fertiliser products during the dry season in Nigeria. Therefore, during the rainy and planting season in West Africa, the Group primarily distributes its fertiliser products within Nigeria, while during the dry and non-planting season in Nigeria, the Group exports its products to other international markets. The Group has a network of distribution partners, agro-dealers, and village promoters who ensure that the Group's fertiliser products reach its target customer groups across Nigeria. In 2009, the Group undertook a nationwide procurement exercise for distribution partners to act as the wholesale purchasers of its fertiliser products. The selected distribution partners (currently, 68 in number) consist of logistics and distribution companies, commercial farmers and entrepreneurs with significant experience and expertise in fertiliser distribution. The Group's distribution partners serve as the first and major product distribution hub for the Group's fertiliser products. The Group's distribution partners are required to warehouse the Group's fertiliser products to ensure availability at all key periods during the year. The distribution partners are also responsible for on-selling those products to the Group's agro-dealers and village promoters.

The Group has also established relationships with *c*. 1084 "agro-dealers" across Nigeria. Agro-dealers are generally owners of farm input retail outlets located in close proximity to farming communities. The Group uses agro-dealers to ensure product availability to its customers, particularly in rural communities, whilst also providing education and extension services to farmers with a view to encouraging increased and more effective usage of the Group's fertiliser products. The agro-dealers are also responsible for redistributing the Group's products to village promoters.

Currently, the Group has relationships with *c.*3,085 "village promoters" (of which 300 are super village promoters) in rural communities across Nigeria. These village promoters are trained by the Group in fertiliser and farming best practices and are then responsible for establishing "demonstration plots" to pass on their training to their local communities. In 2014 alone, the village promoters together set up over 6,473 demonstration plots and reach 426,111 farmers of which 29,752 are females. The village promoters are also responsible for on-selling small pack (1 kg and 10 kg) fertilisers produced by the Group to their local communities, often using the demonstration plots to promote such sales.

The Group also partners with NGOs and donor agencies to increase the reach of its fertiliser products.

Transportation

Unlike many developed economies, where fertiliser manufacturers operate a factory-gate distribution model by which large commercial end-users purchase directly from the manufacturer and are responsible for transportation of the fertiliser product directly from the factory gate to the farms where it is intended to be used, the small holdings nature of farms in Nigeria, and generally in Africa, does not support the implementation of this distribution model in Nigeria and many African countries.

The Group does not own its own transportation vehicles but uses third party transport service companies to handle the haulage of fertiliser products from its Onne Fertiliser Plant to the various locations across the country where the Group's

[3] International Fertilizer Development Centre

distribution partners are located. These distribution partners then supply the Group's fertiliser products to the agro-dealers, village promoters, and farmer customers.

During the dry season in Nigeria, the Group exports its fertiliser products to international markets through its trading unit. As Nigeria is largely an import economy (with most of its imports containerised) that exports few finished products, many of the vessels/ships that are used to import goods to Nigeria return empty. Typically, the cost of importing freight to Nigeria reflects the likelihood that the vessel/ship will return empty. This enables the Group to negotiate very competitive prices with ship owners for the export of the Group's fertiliser products.

The Notore Port, which functions as an authorised port, provides the Group with direct ocean/sea access to international markets. This further significantly reduces the total cost to Notore of transportating exported fertiliser products.

Notore Seeds Limited

Notore Seeds was established to develop and market high-yield improved seed varieties to tap into the enormous potential that exists in Nigeria's current undeveloped seeds sector. The primary focus is on rice and maize seeds, which are both staple crops. Worldwide production of maize is 785 million tonnes per year, with the largest producer, the United States of America, producing 42%. Africa produces 6.5% and the largest African producer is Nigeria with nearly 8 million tonnes, followed by South Africa. Africa imports 28% of the required maize from countries outside the continent[4]. Nigeria remains the second largest importer of rice globally. Based on industry estimates, its annual consumption requirement is 5 million metric tonnes (mmt). This compares with estimated domestic supply of 3 million metric tonnes (mmt) annually. In its rice market monitor report the UN Food and Agriculture Organisation (FAO) expects Nigeria's rice imports to drop by 100,000 metric tonnes (MT) in 2015. This would be a direct consequence of the import substitution policy of the government which has recorded successes not just in rice, but also sugar and wheat.

Notore Seeds commenced test production in 2012, producing 700mt of improved rice and maize seeds for the year. This increased by *c.* 234% to 2,340mt in 2013.

The seeds are grown through the Notore Seeds out-grower scheme located in Kano and Kaduna States as well as other major farming belts in Nigeria, and subsequently processed, packaged, and then sold into the market through Notore's robust distribution channels. The seeds when used with the right agronomic practices are capable of increasing farmer yields.

Notore Power Limited

Notore Power, a subsidiary of the Company, is an indigenous IPP. Notore Power is yet to commence commercial operations.

Nigeria has a population of approximately190.6 million as of July 2017[5] and is the most populous country in Africa, with more than 78 million[6] people estimated to be living in urban areas. Nigeria as at April, 2017 had an installed capacity to generate approximately 12,500 MW but an actual production rate of between 3,000MW – 4,000MW according to the Transmission Company of Nigeria (TCN). With trends from developed nations indicating that approximately 1,000 MW

[4] International Institute of Tropical Agriculture
[5] CIA World Factbook
[6] World Bank

of generating capacity is required for each million head of population, Nigeria currently faces a huge power generation capacity shortfall.

The Group believes that there is significant opportunity to leverage its existing competence in generating power as well as the existing gas supply and other infrastructure at the Onne Industrial Complex to transmit the excess power generated at the Onne Fertiliser Plant to third parties.

The Group owns two units of 25MW gas-turbine power plants at the Onne Industrial Complex, although one of them is not functional. The functioning power plant ensures low cost and reliable power supply to the Group's operations at the Onne Industrial Complex. Nevertheless, the Group intends to acquire and install another power plant by the first quarter of 2019 in order to provide back-up power supply for its operations. The surplus electricity generated from the back-up power plant will be available for sale to third parties.

Notore Supply and Trading Mauritius Limited

Notore Supply and Trading is a wholly owned subsidiary of Notore Chemical Industries Plc. Notore Supply and Trading was initially incorporated as Notore Supply and Trading Limited in British Virgin Island (BVI) but later moved incorporation to Mauritius.

Notore Supply and Trading is a private company limited by shares under Category 2 Global Business Licence in the Republic of Mauritius. The company's principal activity is the sale of fertiliser, chemicals and allied products. The company currently trades across Africa, Europe, Asia, North and South America and Middle East.

Competitive Strengths

The Group benefits from a number of key strengths that enable it to take advantage of current and future growth opportunities.

The Group has a well recognised brand that allows it to obtain premium price for its fertiliser products and drive sales of its fertiliser products

Since the Group commenced production, it has developed a strong reputation as a premium fertiliser producer, which allows the Group to sell its fertiliser products at a premium to the imported products available in the market, thereby driving sales of the Group's fertiliser products. The Group has focused on its packaging to ensure its products are easily recognisable by farmers. The Group has also implemented a targeted strategy for its fertiliser products, which aims to produce fertiliser products that, match the demand of the end-users. The Group produces its fertilisers in three different sized packs: 50 kg packs for commercial farmers and other "moderate" users of fertilisers; 10 kg packs for "mild" users of fertilisers; and 1kg packs for "new users". This enhances sales by ensuring that farmers with different demand needs can access the Group's products.

The Group has a well-developed distribution network that cannot be easily replicated.

The Group has established a distribution network of approximately 68 distribution partners, 1084 “agro-dealers”, and *c*.3,085 “village promoters”, which allows it to reach more than 1.8 million farmers across the 36 States of NIgeria. The Group’s distribution network ensures that its products can be purchased predominantly by all of Nigeria’s farmers.

The Group’s distribution network and “direct to retail” strategy, whereby its fertiliser products are transported direct to its distribution partners’ warehouses across Nigeria for sale to farmers or to aligned agro-dealers, allows the Group to maintain relatively low storage capacity at the Onne Industrial Complex, thereby reducing costs and increasing efficiency. To date, the Group’s distribution partners have an aggregate storage capacity of approximately 120,000MT of fertiliser products equivalent to the Group’s quarterly production capacity.

The Group has access to reliable gas supply and its own captive power plant, which provides security of key production inputs and ensures lower cost advantages

The Group owns the gas-fired Onne Power Plant with a current installed capacity of 50 MW, of which one 25 MW turbine is not functional. This capacity exceeds that required to power the Onne Fertiliser Plant. The New Fertiliser Plant to be constructed on the same site at Onne is expected to be developed with its own power generation capabilities utilising more advanced technologies to ensure longer term cost and efficiency advantages. The Onne Power Plant guarantees the Group a reliable and low cost power supply.

The Group entered into a twenty-year gas supply contract with NGC (now NGMC), for the supply of natural gas, the key input in the production of fertiliser and the fuel for the Onne Power Plant. The Group entered into a gas contract with Eroton dated 10th September 2014 as amended and restated on 31st March 2016 for gas supply to the plants in order to ensure a secure and steady supply of gas and enable the Group improve its fertilizer production volumes. Gas represents approximately 80 per cent of the Group’s raw material cost of producing Urea. The Group expects to have sufficient gas supply for the New Fertiliser Plant under the terms of the Gas Supply Contract with Eroton.

The operational base of the Group's key supplier of gas which has sufficient capacity is located within close proximity to the Onne Fertiliser Plant.

The processing facilities of Eroton, the Group’s key supplier of gas, are located approximately 14km away from the Onne Industrial Complex with gas reserve in excess of 5Tcf and a current installed gas processing capacity of 270mmscf/d. Gas is sourced from various clusters of Non Associated Gas (NAG) as well as the Associated Gas (AG) facilities within the OML 18. The gas processing facilities include the 120mmscf/d Alakiri NAG plant that was originally developed to support the fertilizer plant and was the main source of gas supply to the plant under NAFCON when it consistently produced above nameplate capacity as well as the 250mmscf/d Cawthorne Channel AG plant. The Eroton facilities are connected to the Onne Fertilizer Plant via two 14 inches pipelines which provide the necessary flexibility and redundancy for periodic maintenance of the pipelines operated by the NGC (now NGPTC). The Onne Fertiliser Plant and the Onne Power Plant's daily requirement of gas is currently 50 mmscf (+/- 10%). It is expected that following completion of the construction of the New Fertiliser Plant, the Group's daily requirement of gas will be 165 mmscf/d.

The Onne Industrial Complex is strategically located in the Niger Delta region of southern Nigeria, which is the most prolific natural gas producing region in Africa

As of January 2017, Nigeria has the world's ninth largest proven natural gas reserves[7] with estimated reserves of 5.3 trillion cubic metres. The Onne Industrial Complex is strategically located in the Niger Delta region of southern Nigeria, which is the most prolific natural gas producing region in Nigeria. This prolific natural gas source will ensure that the Group continues to benefit from an abundant and low cost supply of natural gas, which is both the primary production input in fertiliser production and the source of fuel for the Onne Power Plant.

The Group owns its own jetty, which facilitates export of the Group's products and secures lower cost and efficient supply of key production inputs

The Group owns the Notore Port, which is located within the Onne Industrial Complex near the Port Harcourt sea port in the Niger Delta region of Nigeria. The Notore Port is a private jetty but has the status of a full port, thus allowing the Group access to the Atlantic Ocean for import of raw materials and export of the Group's products, thereby reducing the Group's production and transportation costs and improving efficiencies.

Currently, the maximum volume that can be exported/imported from the Notore Port in one shipment is circa 12,000mt, depending on the size and nature of the vessel. This is due to the current depth of the channel, which is between 6.5 metres and 8.5 metres deep. The Group plans to dredge the channel to 9 metres, after which the Notore Port would be able to accommodate vessels of up to 20,000mt to 25,000mt capacity, which would further enhance its export capacity.

The Onne Fertiliser Plant is a high quality fertiliser plant with a proven production track record

The Onne Fertiliser Plant has an average utilisation rate of *c* 75 per cent since it was rehabilitated and brought back into commercial production by the Group in 2010. Since production restarted under the Group's ownership, the Onne Fertiliser Plant has been undergoing continuous rehabilitation and optimisation, including installation of new parts and equipment and refining of production techniques, which have resulted in increased capacity utilisation and efficiency.

The Group has a highly experienced board of directors and senior management team that balances technical and industry know-how with extensive business experience in Nigeria

The Group's senior management consists of a team of professionals with extensive experience of the chemicals and hydrocarbons industry and the Nigerian business environment. Mr. Onajite Okoloko, the Group Chief Executive Officer, is one of the founding partners and core investor in the Ocean & Oil Group, which was incorporated in 1994. He was the Managing Director and Chief Executive Officer of Oando Energy Services, an integrated oil services subsidiary of Oando, from 1994 to 2006, he was a Group Executive Director of Oando Plc in 2000. He is currently the Chairman of the board of directors of Midwestern Oil and Gas Plc and Eroton E&P. Mr. Femi Agbaje, the Chief Financial Officer, has a wealth of finance experience having served as Head of Consumer Banking for United Bank for Africa Group from 1996 to 2002 and as Managing Director of Midas Merchant Bank from 2002 to 2006. Mr. Bode Agagu, the Chief Operating Officer, has more than 24 years experience in the chemicals and petrochemicals industry and has managed several major retrofits in Nigeria and elsewhere, including on Kellogg Brown Root, Stamicarbon, Bechtel and UOP technologies.

[7] CIA World Factbook

In addition, the Group is supported at the Board level by a team of Non-Executive Directors with extensive government and business experience in Nigeria, including General Dr. Yakubu Gowon (GCFR), former Nigerian Head of State, and Commander-in-Chief of the Armed Forces, and Chief Odoliyi Lolomari who served as the Group Managing Director of the Nigerian National Petroleum Corporation. Many of the Non-Executive Directors also have a wide variety of experience in the energy and infrastructure sectors, including the fertiliser industry.

For further details on the senior management of the Group, please refer to the sub-sections headed "*Board of Directors and Company Secretary*" and " *Key Management Staff*".

Business Strategies and Opportunities

The Group's principal strategies for future growth are to:

Play a central role in the "Green Revolution" in Africa

Nigeria and much of sub-Saharan Africa have extremely low crop yields and low agricultural productivity relative to global standards. Combined with steady population growth and increasing scarcity of uncultivated land, this translates to declining food production per capita and the potential for food shortages to occur in the long term. Similar circumstances existed in South Asia in the 1950s and early 1960s. However, from the 1970s to the beginning of the 21st century, crop yields more than doubled across South Asia due to the adoption of high-yielding rice and wheat varieties as well as increased fertiliser consumption, leading to significant increases in per capita food production. This has been referred to as the Asian "Green Revolution".

The Group's vision is to play a central role in Africa's "Green Revolution", an agrarian revolution that is expected to impact the region's agricultural productivity, and the income derived therefrom, similar to that seen in South Asia between the 1970s and the 21st century.

The Group plans to leverage its vertically integrated business model to supply fertiliser, improved seed and crop protection products to Africa's large farming population and educating them on how best to use those products to boost crop yields and food production and then by entering into offtake arrangements with the food producers and on-selling the product to the market.

Secure the West African markets through increased fertiliser production and supply

The Group plans in the medium term to increase its annual production capacity to approximately 1,500,000 mtpa of fertiliser and 500,000 mtpa of petrochemicals by 2022.

To achieve this, the Group plans to:

- Optimise the Onne Fertiliser Plant via a scheduled maintenance slated for the first quarter of 2019 to enable it achieve and sustain its design capacity production of 500,000 mtpa of urea.

- Construct the New Fertiliser Plant with production capacity of 1 million mtpa. The Group has entered into a joint venture agreement with Mitsubishi Corporation and created an SPV to develop the New Fertiliser Plant along with other identified international equity investors. It is expected that preliminary works, including FEED, will commence in 2019, for a duration of 12 months, followed by 36 months of Engineering Procurement and

Construction work. It is also expected that the existing infrastructure on site, including access to power and natural gas, will enable the New Fertiliser Plant to be constructed in a shorter time frame and at significantly lower cost than would be the case if the plant were constructed on a "Greenfield" site. The New Fertiliser Plant is expected to become operational in 2022.

- Create a world-class supply chain to ensure that there is adequate coverage for the underserved markets particularly in Nigeria and sub-Saharan Africa.

The Group has established a well-developed national distribution network of distribution partners, agro-dealers, and village promoters who assist the Group in effectively distributing its fertiliser products across Nigeria to reach in excess of 1.8 million farmers and other end-users. The Group intends to significantly expand and strengthen its distribution network to guarantee delivery of products to 3.5 million farmers through the following initiatives to be implemented over the next three to five years:

- Expanding and consolidating the village promoter function by developing 1,000 new active village promoters across the thirty six (36) States
- Evolving some current village promoters into farmer advisors and retailers with the aim of reaching 500,000 additional farmers with both fertiliser products and education to promote further adoption of fertiliser and improved seed products;
- Supporting farmers who have already begun using fertilisers to improve their farm output through the introduction of next level practices, facilitating the formation of discussion and advisory groups and introducing improved fertiliser application tools, such as urea super granules;
- Providing agricultural extension services; and
- Making different stock keeping units ("SKUs") available in the market

Although the Group's primary focus is to become the leader in the Nigerian fertiliser and improved seeds markets, the Group also exports its products to other international markets. Notore intends to increase distribution of its fertiliser within countries of the West African region in the medium term through traders from the regions

Develop new Compound Fertiliser blends specifically for key growth crops

The Group plans to develop new Compound Fertiliser blends that will maximise the production of Nigeria's key growth crops - rice, cassava and tomato crops. The Group plans to develop these new blends by conducting soil tests in key production areas across Nigeria and formulating and experimenting with test blends.

The Group is specifically targeting rice, cassava and tomato fertiliser blends because it anticipates that these crops will form the majority of Nigerian domestic crop production over the medium to long term.

Grow the Group's improved seed business and develop a crop protection business

Over US$1 billion worth of rice seed and maize seed is produced in Nigeria each year, with 80 per cent of this figure represented by rice seed. The Group plans to use its vertically integrated business model and established distribution network to target a significant market position in the improved seeds and crop protection market in Nigeria, with a particular focus on rice seed and maize seed.

The Group intends to construct a seed processing mill in Northern Nigeria in the medium term. Processing will involve applying herbicides and removing impurities to create “improved” seeds.

Availability of Raw Materials – Gas Supply

At the commencement of operations, the Group was supplied natural gas by NGC (now NGMC) at a price linked to the US Consumer Price Index and capped at US$1.06/mscf pursuant to its twenty-year Gas Supply Contract, which is in the lowest quartile globally. Natural gas is a key production input of the Group’s fertiliser products and is also the fuel used to generate electricity at the Onne Power Plant.

Under the Gas Supply Contract, NGC (now NGMC) was required to make available to the Group 50 mmscf/d (16,500 mmscf per annum) of natural gas, with an allowance of “+/- 10%”. However, periodic disruption to supply from NGC (now NGMC) necessitated the need to source for a more reliable supply of gas to the facility from Eroton in order to sustain continuous production.

The gas under the sale and purchase agreement as amended and restated on 31 March 2016 between the Group and Eroton is derived from OML 18. Eroton is a partner in a joint venture with the Nigerian National Petroleum Corporation and the holder of a 45% participating interest in OML 18. The essence of the Sale and Purchase Agreement is to provide Notore with a secure and steady supply of gas.

Under the Sale and Purchase Agreement, the price of natural gas in the first contract year is US$1.35/mscf for fertilizer production and US$2.50/mscf for power generation. We do not expect the gas cost to have a significant negative effect on the Group’s profitability as the Group’s gas cost projections have already catered for the increase.

Research and Development

The Group has a number of research partners it works with including the International Institute of Tropical Agriculture, the Cocoa Research Institute of Nigeria and Zaria Agriculture Research Institute.

The Group is currently developing unique blends of fertiliser to suit crops grown in Nigeria. The Group’s research and development is focused on developing blends for rice, cassava and tomatoes through conducting soil tests and experimenting with fertiliser formulations in the relevant crop growing regions of Nigeria. The Group has not expended any amount on research and development in the last 3 years (2015-2017).

Premises

The Group conducts its core business from the Onne Industrial Complex, located in the Notore Chemical Industries Plc Free Zone, Onne, Rivers State, Nigeria. The Group owns 560 hectares of land on which the Onne Industrial Complex is situated.

The Group’s corporate office is located at 6th Floor, Keystone Bank Building, 1 Keystone Bank Crescent, Off Adeyemo Alakija Street, Victoria Island, Lagos, where it leases 600 square metres of office space. Victoria Island is the commercial centre of Lagos, itself the commercial centre of the Federal Republic of Nigeria. The Group executive management is based in the corporate headquarters in Lagos, as well as the corporate finance, accounting, treasury, legal and company secretarial functions.

The Group also has an office at The Clan Place, 2nd Floor (middle) Plot 1386, Tigris Crescent by NYSC Headquarters, Maitama, Abuja.

Health, Safety and the Environment (HSE) & Quality Control

The Group has put in place a comprehensive framework of procedures and guidelines that protect the health and safety of all employees working on site and visitors, vendors and contractors interfacing with its operations, as well as the environment in which it operates. The Group aims to comply with all relevant state and federal legislation guiding occupational health, safety and environmental protections as well as meeting or exceeding international best practice in key areas.

Health and Safety

The Group's management views the health and safety of the Group workforce as a critical component of its culture. The Group is required to comply with a range of health and safety laws and regulations in accordance with Nigerian law, and has health, safety and risk management systems applicable to its operations and categories of activity. The Group makes significant investment in procedures and controls relating to health, safety and environmental matters. The Group has maintained a zero-incident track record of fatalities over the last three years.

The Group is also focusing on instilling a culture of safety that incentivises adherence to the Group's framework of HSE regulations and initiatives, and disincentivises non-compliance with HSE regulations. The HSE Incentive Award is an award scheme, which rewards individuals, units and departments that demonstrate exemplary safety performance records at the end of every year. A system of HSE citation slips is utilised to correct wilful and persistent violations of HSE regulations. The issuance of these slips may result in denial of a group, unit or department of the HSE incentive award, and a negative impact on the individual employee's annual performance appraisal.

Environmental

Similar to other fertiliser producing companies, the Group's operations generate hazardous and non-hazardous waste, effluent and emissions into the atmosphere, water and soil. In particular, liquid waste effluents are a major and general problem associated with the production of nitrogenous fertilisers.

In keeping with its environmental responsibility imposed on the Group by its operations, and in compliance with the relevant Nigerian environmental protection laws applicable to the Group's operations, the Group has put in place management policies for the protection of the environment.

The Group provides for the monitoring of liquid effluents. Key sample points within the process units and treatment ponds, west drain and discharge equalisation basin are predetermined for sample collection and investigation, with frequencies and regularity of sampling established by the Group Environmental Management Plan. The analyses of these are compared against effluent parameters prescribed by the National Environmental Protection (Effluent Limitation) and the National Environmental Protection (Pollution Abatement in Industries and Facilities Generating Wastes) Regulations Cap F10 LFN 2004. The results and actions taken are circulated to all relevant parties.

The Group Environmental Management Plan sets out guidelines for the management, safe handling and disposal of solid wastes. Among others, it establishes procedures and a management hierarchy, which promotes prevention, reduction, reuse, recovery, recycling, removal or containerisation and finally disposal of solid waste. The Group Environmental Management Plan also puts in place guidelines in-keeping with the National Effluent Limitations regulations to ensure the maintenance of a reasonable ambient air quality, setting in place baseline figures below which pollutant parameters should be maintained.

Profile of Board of Directors and Company Secretary

Board of Directors and Company Secretary

i. **General (Dr.) Yakubu Gowon GCFR** is a non-executive director and the chairman of the Company. He was Nigeria's head of state and commander-in-chief of the Armed Forces from 1966 to 1975. He is a doctorate degree holder in Political Science, which he obtained from the University of Warwick (UK) in 1984. General Gowon has spent the past three decades providing leadership for projects designed to promote peace and progress in Nigeria and also internationally. General Gowon is the President and Chairman, Board of Trustees of the Yakubu Gowon Centre, Abuja, a non-governmental organization set up to promote the cause of Nigerian unity, nation-building, national integration and conflict resolution through dialogue and the recognition of exemplary achievements. General Gowon is the Chairman of IGI Plc, one of the largest insurance companies in Nigeria and additionally, chairman of the Board of Directors of Safa Group of Companies. He is also chairman Nigeria Prays and Patron of the Bible Society of Nigeria (BSN).

ii. **Mr. Onajite Paul Okoloko** is the managing director and the chief executive officer of Notore Chemical Industries Plc,. In 2005, he assembled a team of investors to acquire the assets of the former NAFCON and he is a core investor in the consortium that includes Emerging Capital Partners, a major private equity firm out of Washington, U.S.A, and OCI Fertilizers BV, now owned by the Orascom Group. He later successfully led the completion of the largest single loan syndication of Nigerian banks, when Notore raised US$222 million from 7 Nigerian financial institutions.

Mr. Okoloko was one of the founding partners of the Ocean & Oil Group, which was incorporated in 1994. He was the managing director and chief executive officer of Oando Energy Services from 1994 to 2006, an integrated oil service subsidiary of Oando. He is currently the chairman of the board of directors of Midwestern Oil and Gas Plc.

Mr. Okoloko has over 20 years of experience in sales, marketing, and business development. He was appointed a member of the Presidential Committee on Oil & Gas in 2004 – 2005, as the sole representative of the private sector. This Committee was instrumental in developing the current oil and gas policy for the country. He was an active member of the Nigerian Economic Summit (Policy Formulation) group.

Mr. Okoloko graduated from University of Benin, Nigeria in 1986, with a Bachelor's Degree in Economics and is also an alumnus of the Harvard Business School OMP Programme (2008). In 2011, he was named the inaugural winner of the Ernst & Young Entrepreneur of the Year Award in the Emerging Entrepreneur category for the West African Region.

iii. **Mr. Michael Osime** is a non-executive Director of the Company. He is also the managing director and chief executive officer of ICMG Securities Limited and Chairman of Broadband Technologies Limited, a telecommunications and IT solutions company. He is a qualified stockbroker with many years of banking and finance experience.

Mr. Osime has a degree in Actuarial Science, which he obtained from the University of Lagos in 1981 and also has an MBA from the Strathclyde Business School in Glasgow, obtained in 1985. He is a Fellow of the Chartered Institute of Stockbrokers.

iv. **Mr. Richard Herb** is a non-executive director of the Company. He is a veteran of the fertiliser industry having commenced his career with International Minerals Corp. Illinois, USA in 1970 where he obtained extensive knowledge of production of Nitrogen, Phosphorus and Potassium fertilisers. In 1985 he was appointed managing director of International Ore and Fertiliser in Brussels, Belgium, a division of Occidental Petroleum Corporation and worked closely with NAFCON for a period of 10 years, handling the export of 2 million tonnes of granular urea production to world markets as well as supplying raw materials for production of NPK.

He is a director of the British Council for Africa and Chairman of Eko Hotels Limited in Lagos, Nigeria. He holds a number of directorships in Nigeria and the U.K.

v. **Engr. Mike Orugbo JP** is a non-executive director and chairman, Board Technical Committee of the Company. He is a leading Project Developer, EPIC and Technical Human Capital Development Professional with over 30 years experience in engineering services in the oil & gas, utility and manufacturing industries. He was a pioneer staff of WRPC, a subsidiary of NNPC participating in several major green and brown field projects such as Lab Plant, WRPC de-bottlenecking (expansion) project, HF Alkylation, Polypropylene and Carbon Black Plants. His career at NNPC spanned from 1977 – 1979 and 1983 – 1989 respectively, and rose to the position of Senior Instrumentation and Control Engineering Specialist. In 1989, he became the founder, and managing director/CEO of O-Secul Engineering Company, which later became O-Secul Nigeria Limited in 1997. Engr. Orugbo studied Electrical/Electronics Engineering at Auchi Polytechnic, Auchi, Edo State (1976) and holds a BSc (Hons) degree in Instrumentation and Control Engineering from Teeside University, Middlesborough (1983), UK. He is a corporate member of the Nigerian Society of Engineers and is COREN certified. He has attended several conferences and technical courses in Europe and America and is vastly experienced in engineering services, consultancy, and providing Hi-Tech maintenance support services in the Oil & Gas, Manufacturing, Power, Food & Beverage Industries. He led a team of Nigerian professionals in O'Secul's acquisition of NAFCON's core assets, now Notore Chemical Industries Plc. in 2005.

vi. **Chief Odoliyi Lolomari** is a non-executive director of the Company. He has over 45 years experience in the petroleum industry. Chief Lolomari was a former group managing director of NNPC. He has a bachelor's degree in Physics which he obtained from the University of London in 1960 and a Diploma in Oil Technology, which he obtained in 1961, from the Imperial College (DIC) London.

Chief Lolomari is a Fellow of the Institute of Petroleum, London and the Nigerian Mining and Geosciences Society.

vii. **Mr. Ike Osakwe** is a non-executive Director of the Company. He is a chartered accountant and practicing management consultant. Mr. Osakwe holds a bachelors and masters' degree in Chemistry, which he obtained in 1977 from the University of Oxford and qualified as a chartered accountant from the London office of KPMG. Upon qualification as a member of the Institute of Chartered Accounts for England and Wales, he returned to Nigeria to work as an expatriate for ITT in 1980 and subsequently became an Associate of ICAN in 1984. He now serves as the managing director of Grid Consulting Limited, a company that specialises in the planning and implementation of change processes and systems for commerce, industry, government and NGOs.

Mr. Osakwe has over 32 years experience in financial, strategic, and corporate planning, as well as organisational and financial management systems development, both in Nigeria and internationally. He has brought his vast experience in the dynamics of most major industrial sectors to bear in his work on corporate governance. He has held several government and board appointments and currently serves on the boards of, Thomas Wyatt Nigeria Plc. and Leadway Pensure PFA.

viii. **Mr. Michael Jansa** is a non-executive director of the Company and is also the managing director and founding partner of Emerging Capital Partners (ECP) since April 2000. With 6 funds and over US$ 1.6 billion under management, ECP is a leading private equity manager focused exclusively on Africa. Headquartered in Washington DC, ECP has six offices across Africa and a ten year track record of successful investment in companies operating in over 40 countries on the continent.

Before joining ECP, Mr. Jansa was a vice president in GE Capital's structured finance group from 1995 – 2000, focused on the energy sector. Prior to joining GE Capital, Mr. Jansa was director of financial planning and analysis at Q2 Resource Television from 1994 to 1995. He began his career at Union Pacific Corporation and its oil and gas subsidiary, Union Pacific Resources, where he worked in a variety of financial positions.

Mr. Jansa received a bachelor of Business Administration degree in accounting from Iowa State University in 1982 and an MBA from the London Business School in 1993. In addition to Notore Chemical Industries Plc, he has served on the Board of Pan African Energy Corporation (West Africa Upstream Oil and Gas), Wentworth Resources Limited (East Africa Upstream Oil and Gas), Ocean & Oil Investments Limited (Nigerian Integrated Energy Company), SOMDIAA Group, the Central Africa agri-business and NCT Necotrans, West Africa Logistics business.

ix. **Mr. Hassan H. Badrawi** is a non-executive director of the Company and holds the position of Corporate Business Development & Investments Director at OCI N.V., a global producer of natural gas-based fertilizers & industrial chemicals and an engineering & construction contractor based in the Netherlands. The Fertilizer & Chemicals Group produces nitrogen fertilizers, methanol and other natural gas based products, serving agricultural and industrial customers from the Americas to Asia. The Group ranks among the world's largest nitrogen fertilizer producers with current production capacity of nearly 7 million metric tonnes in the Netherlands, the United States, Egypt and Algeria. OCI N.V. employs over 55,000 people in 35 countries and is listed on the NYSE Euronext in Amsterdam. The company is trading as part of the AEX Index, the flagship index representing the largest 25 companies listed on the NYSE Euronext Amsterdam based on free float adjusted market capitalization.

Mr. Badrawi joined OCI in 2001 and currently oversees OCI N.V.'s corporate business development & investments activities as well as corporate communications. He holds a BA from the Duke University (USA) with a double major in Economics and Political Science and a minor in Literature, which he obtained in 1998.

x. **Mr. Femi Agbaje** is an executive director of the Company and the Group's Chief Financial Officer. In this capacity, he oversees the Company's financial strategies and cash management activities. He joined the Company in January 2007, where he led the team in successfully raising US$222 million for the rehabilitation of the Onne Fertiliser Plant.

Mr. Agbaje began his career in 1979 as an audit trainee in Peat Marwick Cassleton Elliot & Co, where he qualified as a chartered accountant. Between 1991 and 1992, he served as an executive director in Kenneth Michael & Company and as deputy general manager in First Securities Discount House from 1992 to 1993. Mr. Agbaje served as head of Consumer Banking in United Bank for Africa from 1996 to 2002 and as managing director of Midas Bank from 2002 to 2006.

Mr. Agbaje obtained a Bachelors degree in History and Political Science from the University of Ife, Osun State, in 1979. He was made an Associate of the Chartered Association of Certified Accountants in 1984, and has been a member of the Institute of Chartered Accountants of Nigeria, since 1986. He was made a Fellow of the Chartered Association of Certified Accountants, UK in 1990.

xi. **Mr. Geoffroy Dedieu is** a non-executive director of the Company and also the chief executive officer of TY Danjuma Family Office Limited, the UK family office of Gen. TY Danjuma (Rtd). Mr. Dedieu is an experienced Family Office manager, with a focus on the Single-Family model.

Mr. Dedieu holds masters degrees in Law (from the National University of Singapore as well as DEA Paris) which he obtained in 1993 and 1994 respectively and a Masters in Business Administration (MBA) from INSEAD, which he obtained in 1998. He was the Laureate at the 1992 Freshfields Competition for Young International Lawyers. Mr. Dedieu is a Certified Financial Planner (CFP, France) and a Chartered Member of the UK Chartered Institute for Securities and Investments (CISI).

xii. **Mr. Bashir Lebada** is a non-executive director of the Company and manages OCI N.V.'s investments and project development in North America. OCI N.V. is a global producer of natural gas-based fertilizers & industrial chemicals and an engineering & construction contractor based in the Netherlands. The Fertilizer & Chemicals Group produces nitrogen fertilizers, methanol and other natural gas based products, serving agricultural and industrial customers from the Americas to Asia. The Group ranks among the world's largest nitrogen fertilizer producers with current production capacity of nearly 7 million metric tonnes in the Netherlands, the United States, Egypt and Algeria. OCI N.V. employs over 55,000 people in 35 countries and is listed on the NYSE Euronext in Amsterdam. The company is trading as part of the AEX Index, the flagship index representing the largest 25 companies listed on the NYSE Euronext Amsterdam based on free float adjusted market capitalization.

Mr. Lebada joined OCI in 2007, and is responsible for identifying, analyzing and executing investments in North America. He holds a BA from the University of Western Ontario (Canada) with a double major in Finance and Accounting and a minor in Economics.

xiii. **Mr. Bernard Longe** is a non-executive director of the Company and a banker by profession. He started his career at First Bank Plc., where he rose to the position of Managing Director/CEO in July 2000.
He holds several board appointments including South Atlantic Petroleum Company Limited, Notore Chemical Industry Plc and was until recently the Managing Director of TY Holdings Limited. He recently moved into the manufacturing arena and is currently the Managing Director & Chief Executive of CDK Integrated Industries Limited; a leading manufacturer of Porcelain Tiles and Sanitary Ware based in Sagamu, Ogun State.

Mr. Longe is a Fellow of the Chartered Institute of Bankers, Nigeria and has attended various technical, management courses and seminars including courses at Harvard Business School, IMD Lausanne and the Singapore Institute of Management. In recognition of his achievements, he was conferred with the award of Officer of the Order of the Niger, OON, in 2001 by the Federal Government of Nigeria. He is married with children.

xiv. **Mr. Oluwaseyi Owodunni** is a non-executive director of the Company. He is a managing director of Emerging Capital Partners ("ECP"). With over $2 billion under management, ECP is a leading private equity manager focused exclusively on Africa. ECP has seven offices across Africa and over 15 years of investing experience, having made over 60 investments and 30 exits with operations in over 40 countries on the continent. As a Managing Director, Mr. Owodunni is responsible for identifying, analyzing, and recommending investments, as well as performing due diligence and leading transaction execution teams.

Prior to joining EPC in 2015, Oluwaseyi worked for Kingdom Africa Management (formerly Kingdom Zephyr) as a Partner for the Pan-African Investment Partners II Fund, a growth-capital private equity fund investing in Africa. Previously, Oluwaseyi was the chief financial officer at Starcomms, a Nigerian wireless telecommunications operator, and helped take the company public on the Nigerian Stock Exchange in 2008. Before Starcomms, he worked in the USA with the Optical Networking Group at Lucent Technologies in a variety of management roles in mergers and acquisitions, business development, and product management. He began his career at KPMG in Washington, DC specializing in financial institutions.

Oluwaseyi obtained an MBA from Harvard Business School. He also graduated cum laude from Georgetown University with a BSc in Business Administration. Oluwaseyi is a Certified Public Accountant (USA) and a qualified Chartered Accountant (Nigeria). He previously served on the boards of Mixta Africa (Morocco) and Thunnus Overseas Group (Côte d'Ivoire and Madagascar).

xv. **Mrs. Otivbo Saleh** is the Group Chief Legal/Company Secretary of Notore Chemical Industries Plc. She joined the Group in September 2007. As the Group Chief Legal Officer, Mrs. Saleh heads the Group's Legal Department and directs the legal affairs of the Group, including the Company Secretariat and Group Compliance matters. She provides advice and counsel to the Board of Directors and is responsible for ensuring compliance with regulatory and statutory requirements.

Prior to joining Notore she worked as an Associate at the firm of Sofunde, Osakwe, Ogundipe & Belgore between January 1993 and June 1996 and thereafter joined the prestigious firm of Banwo & Ighodalo from where she resigned in 2007 as a Senior Counsel. Mrs. Saleh is a highly motivated and hardworking solicitor, with Twenty-Six (26) years cognate experience in corporate and commercial law and has exhibited unparalleled professionalism in her preferred area of practice.

Over the years she has garnered considerable experience in corporate and commercial law, project finance, mergers and acquisitions and is thorough and persistent in achieving and exceeding her set goals and objectives. She obtained a LL.B (Honours) Degree in 1991 from Edo State University and holds a BL (1992) from the Nigerian Law School. She is a member of the Nigerian Bar Association and the Institute of Chartered Arbitrators.

Profile of Management and Key Staff

i. **Mr. Onajite Paul Okoloko** is the Managing Director and the Chief Executive Officer of Notore Chemical Industries Plc. See detailed profile above.

ii. **Mr. Femi Agbaje** is an Executive Director of the Company and the Groups' Chief Financial Officer. See detailed profile above.

iii. **Mrs. Otivbo Saleh** is the Company Secretary of Notore Chemical Industries Plc. See detailed profile above.

iv. **Mr. Femi Solebo i**s the Managing Director of Notore Power. Mr. Solebo first joined the Group as the Head of the Special Assets Division in 2006.

Mr. Solebo has 11 years' experience in banking and finance, having worked previously at Euromoney (Financial I) in England. Mr Solebo was previously the Chairman of the Market Development Committee of the Money Market Association of Nigeria and has worked for Standard Chartered Nigeria.

Mr. Solebo is a member of the training and development team for the Central Bank of Nigeria, Money Market Association of Nigeria and FDHL.

Mr. Solebo holds a bachelors degree in Economics (with Law) from the University of Central Lancashire in England 1994.

v. **Ms. Ivana Osagie** is the Chief Executive Officer of Notore Seeds, a position she assumed in November 2009. Ms. Osagie started with the Group in 2005 as Head of Projects and Development.

Ms. Osagie has over 20 years of consulting and investment banking experience. She spent the earlier part of her career in management consulting working on business transformation, strategy and change management assignments before moving into investment banking where she performed various management roles at Merrill Lynch, Morgan Stanley and HSBC.

Ms. Osagie is a member of the Association for Project Management in the UK and the Institute of Directors. Ms. Osagie holds an MSc in Information Technology from the University of the West of England 1992 and an MBA from the University of Liverpool 2004.

vi. **Mr. Bode Agagu** is the Group's Chief Operating Officer. Prior to assuming this position in October 2016, Bode was the Head of Projects Delivery, responsible for all aspects of project execution within the organisation. Mr. Agagu joined the Group in 2007.

Mr. Agagu has more than 24 years' experience in the chemical/petrochemical and fertiliser industry in Nigeria. Prior to joining the Group, Mr. Agagu managed several major retrofits on the M.W. Kellogg, Stamicarbon, Bechtel, UOP processes and other technologies within and outside Nigeria. Upon joining the Group, he began as the Onne Fertiliser Plant manager. In this position, Mr. Agagu was in charge of the operation and maintenance of the Onne Fertiliser Plant and the successful expansion of the plant's production capacity.

Mr. Agagu holds a Bachelors in Mechanical Engineering Degree from the University of Benin (1985) and a Bachelors in Technology from the University of Science and Technology, Port-Harcourt (1996).

vii. **Mr. Bolarin Tolujo** is the Group's Financial Controller. Mr. Tolujo, a chartered accountant with approximately 22 years' experience in banking, professional accountancy practice and the public sector joined the Group in March 2008.

Mr. Tolujo is a fellow of the Institute of Chartered Accountants of Nigeria, an Associate of the Chartered Institute of Taxation of Nigeria and a member of the Information Systems Audit and Control Association (ISACA). Mr. Tolujo holds a BSc. degree in Accounting from the Ahmadu Bello University, Zaria (1985) and an MBA from the University of Benin (2001).

viii. **Mr. Kennedy Dike** is the Group's Head of Human Resource, a position he assumed on February 2015. Mr. Dike joined the Company in April 2013 as Head, Human Resource Operations. As the current Group Head, Human Resources, Mr. Dike is responsible for ensuring the adequacy of the human capital, in number and quality, to support the business objective and strategy. Mr. Dike has over 15 years core experience in human resources management and administration. Prior to joining the Group, he worked for the Oiltest Group an indigenous oil

& gas servicing company; Ideke Shipping Limited, an International Freight Forwarding & Shipping Company; and Palmgold Associates Limited.

Mr. Dike also served as a member of the Governing Council of the University of Calabar, Calabar from 2009 to 2013. Mr. Dike is a Certified HR Manager, Certified Competency Mapping Expert and licenced by the Chartered Institute of Personnel Management of Nigeria to practice HR. He graduated from the University of Calabar, Calabar in 1994 with B.Ed. (Hons) in Education/Political Science. He is an Associate Member of the Chartered Institute of Personnel Management of Nigeria (ACIPM) and also a member of Society for Human Resources Management (SHRM), Learning & Development International and Nigeria Institute of Strategic Management NISM.

ix. **Mr. Gbola Makinde** is the current Head of Projects in Notore. Prior to that assignment, he was the manager in charge of expansion projects where he actively participated in the planning and scoping of the Notore Train II fertilizer expansion project for the construction of a grass-root plant comprising of Ammonia, urea and other petrochemicals. He was the project lead for the Pre-FEED and FEED (Early Works) for the project.

He had previously served as project coordinator for the implementation of Accelerated Performance Improvement Programme – API-P termed “Locomotion Project”, instituted by Notore for Operational Excellence Programme (OEP).

On joining Notore in August 2009, Mr. Gbola Makinde established and ran Technical Services department for Notore. Prior to this, he participated actively in the initial rehabilitation project of Notore post acquisition, under Proplant Inc. of the USA (the EPC Contractor) where he was the field construction manager.

Makinde had previously worked in NAFCON as maintenance manager during which he supervised several turn-around maintenance projects (TAMP) from planning through execution and plant start-up stages. He had also served as operations & maintenance manager for ENADS (NIG.)LTD/HENI HOLDINGS, an indigenous O&M Contracting firm to NNPC Tank Firm/Loading Bay at Takwa Bay in Lagos.

Makinde is an Engineering graduate with HND in Mechanical, B.Eng. in Chemical Engineering and an MBA in Project Management. He is an Alumnus of Ashridge Business School in London on leadership process. A certified Internal Auditor (Bureau De VERITAS), process improvement professional, a member of Nigeria Society of Engineers and certified member of Project Management Institute (PMI).

x. **Mr. Raymond Agbi** currently holds the position of Head, Shared Services in the Group. He has over 15 years' cognate experience in FMCG and manufacturing industries and his competences include business strategy development and implementation and supply chain and operations. Prior to joining Notore as materials manager, Raymond worked briefly as a consultant in United Kingdom where he led a supply chain optimization and delivery failure investigation project for Rolls Royce Corporation.

Raymond holds an MBA with distinction from Nottingham University Business School, United Kingdom and a second class upper degree (second-best graduated student) in Transport Management (Maritime Management major) from the Federal University of Technology, Owerri. While undergoing his MBA programme, Raymond was selected on merit by the university as 1 of 8 MBA students and sent on two weeks Leadership and Business Management training in the United States of America where he interacted with leaders of Top USA companies across fives states.

He also worked with Lafarge Cement in Nigeria for several years in various leadership positions where he led several improvement and growth initiatives for the organization which earned him the CEO’s award in 2006 for outstanding performance.

He is a member of the Chartered Institute of Logistics and Transport (CILT) UK, Associate Member of Chartered Institute of Procurement and Supply (CIPS) UK, a Fellow of Leadership for Environment and Development (LEAD) - the global and largest international not-for-profit organization with focus on leadership and sustainable development with presence in 80 countries. He is also a Board member of a Charity Organization.

xi. **Mr. Alaye Lawson** is the Plant Manager, Notore Chemical Industries Plc, Onne. A highly talented, result oriented and customer focused person, with thirty (30) years’ experience in the fertilizer industry. He is an expert in strategic thinking, planning & analyses.

Alaye joined Notore Chemical Industries Plc in September, 2005. He served in the team that prepared the scope of work for the rehabilitation of the Notore Plant facilities- September, 2005-2007, and was in charge of the ammonia plant rehabilitation project- 2007 to 2009. At different times, he has been production manager, 2013-2016 and, ammonia plant manager 2007-2013 in Notore.

A pioneer M.W Kellogg (KBR) Houston, USA, trained Plant Operator (February, 1986) of NAFCON, where he rose to become the second Nigerian Ammonia Manager in 2001.

He had attended Technical trainings and participated in conferences in Egypt, United Kingdom, United Arab Emirate and South Africa. He has a Bachelor of Science degree in Industrial/Applied Chemistry and, a Member, American Chemical Society.

xii. **Ms. Ayodele Alamutu** is the Group’s Head of Internal Control & Audit. She joined the Group in September 2011 and has over 15 years in Audit, Internal Audit and Operations experience.

Prior to joining the Group, Ms. Alamutu worked with RSM Tenon Ltd (Auditors) as Senior Consultant, Information System Assurance in the Risk Management Department. She has also worked with MTN Nigeria Telecommunications Limited as a Senior Manager Process Audit and with Sterling Bank Plc as Manager, IT Audit.

Ms. Alamutu holds a Bachelor of Science degree in Applied Economics from the University of East London 1984. She is a Certified Information Systems Auditor, a member of the Chartered Institute of Taxation of Nigeria, Institute of Chartered Accountants of Nigeria and of the Institute of Chartered Secretaries & Administrators, UK.

***Risk Factors affecting the* Group**

In addition to the information set out in this Listing Memorandum, the Group faces the following risk factors which may impact its financial condition and future prospects. This list is not exhaustive as there may be other factors which may in the future have a material adverse effect on the Group’s business, financial condition and future prospects. The following risk factors are not set out in any order of priority.

General risks applicable to the Group’s business and the industries in which it operates

The Group currently derives most of its revenues from the production and sale of fertiliser and as such is susceptible to adverse developments in the fertiliser business and the fertiliser industry in general

At present, the Group's activities are almost entirely focused on the production and sale of fertiliser. Accordingly, the financial performance of the Group is susceptible to adverse developments in the Group's fertiliser business and the fertiliser industry in general. Adverse developments in the Group's fertiliser business may include the loss of a key distributor, disruption in the supply of natural gas or a prolonged shut-down of key plant at the Onne Industrial Complex. Adverse developments in the fertiliser industry may include the introduction of legislation on the use of fertilisers or changes to the Federal Government's fertiliser subsidy programme. An adverse development in the Group's fertiliser business or the fertiliser industry could have a negative impact on the Group's results of operations, financial condition and future prospects.

Natural gas is important to the Group's activities and the Group may be exposed to changes in the price of natural gas

Natural gas is a key feedstock in the Group's production of fertiliser and the Group's future plans in the power sector and, as such, the Group is exposed to changes in the price it pays for natural gas. The Group benefits from relatively low natural gas prices under a twenty-year gas supply agreement with Eroton, with a floor price of US$1.35/mscf for fertilizer which will be increased annually based on the OECD Consumer Price Index but capped at US$1.50/mscf, while the floor price for gas to power is US$2.50/mscf and the price escalation is in accordance with the National Domestic Gas Supply and Pricing Regulations. In addition to the price of gas, the transportation from Eroton's facilities to the Notore plant is undertaken by NGC (now NGPTC) (owner of the transportation asset) at US$0.3/mscf.

The primary source of gas from Eroton for the Group's operations is backed up with the supply from the NGC. Should the supplies of natural gas to the Group from Eroton as well as the backup from NGC (now NGMC) be interrupted for any reason, the Group may need to source natural gas from the open market at prices that are substantially higher than those contracted for under the primary supply contract with Eroton. An increase in the price the Group pays for its natural gas could materially affect the Group's operations, financial condition and future prospects.

The Group's activities at the Onne Industrial Complex are dependent on natural gas supplies that could be interrupted

The Group's activities at the Onne Industrial Complex are dependent upon a continuous supply of natural gas. A key feedstock for the production of Ammonia and Urea is natural gas, and electricity for the Group's activities at the Onne Industrial Complex is derived from the Onne Power Plant. Furthermore, the Group plans to develop a 500 MW gas-fired power plant at the Onne Industrial Complex and sell power in excess of what is required for the Group's activities to the national grid through NBET. Natural gas is supplied to the Onne Industrial Complex through two separate pipeline connections to Eroton facilities at Alakiri and a single pipeline connection to the NGC (now NGPTC) manifold at Obigbo all owned and operated by the NGC (now NGPTC). Should natural gas not be available to supply the Onne Industrial Complex, the Group's activities would be severely disrupted.

The supply of natural gas may be interrupted for a number of reasons. There can be no assurance that a cessation of the Group's natural gas supplies will not occur again in the future. Whilst the Group currently maintains plant all-risk and business interruption insurance cover, the Group's insurance coverage may not cover the loss resulting from a gas outage or shortage in its entirety, or the Group may in the future be unable to obtain sufficient coverage at a reasonable cost. Accordingly, the disruption of natural gas supplies to the Onne Complex may impact the Group's operations, financial condition, and future prospects.

The Group's means of transporting its finished goods may be insufficient in the medium to long term

The Group's fertiliser products are currently transported by truck but it is unlikely that this method of transportation will be able to fully support the Group's target production levels from 2019 onwards. In the long term, the Group plans to use the rail system as the primary means of transporting its fertiliser products. There is currently a railroad running from Port Harcourt to the central region of the country, where it meets other lines running to the north-east, north-west, and south-west regions of Nigeria. However, most of these rail lines are in a state of disrepair and thus require substantial reconstruction and/or repair before they would be suitable for commercial use.

Financial Risks

The development of the Group's future plans require significant ongoing capital investment that may be difficult to raise at all or on economic terms, and the terms of any such financing could impact on the operations of the Group

The development of large projects such as the New Fertiliser Plant is capital intensive. The Group anticipates that it will need *c* US$1.2billion to develop the New Fertiliser Plant and it is intended that funding for this project will be by debt and equity financing. If the Group is unable to obtain the necessary funds on acceptable terms, or at all, the Group may not be able to actualise this project. The implementation of this and any future projects is subject to a number of variables, and the actual amount of capital required to implement these and any future projects may differ from initial estimates. There is no guarantee that the funding requirements of any particular project will not substantially exceed cost estimates. If the funding requirements for any project exceed those budgeted for, the Group will need to look for additional sources of finance, which may not be readily available, or may not be available on attractive terms, which may affect the profitability of that project and the Group as a whole.

There is no assurance that the Group will be able to raise sufficient funds to meet its capital expenditure requirements of future years on terms acceptable to the Group or at all. If the Group is unable to raise the capital needed to fund the costs of its projects, or experiences any delays in raising such funds when required, there could be an adverse effect on its ability to complete its planned projects within the expected time frame (or at all) and on its profitability and financial condition.

The Group's operations may become unprofitable and may require substantial working capital financing

The Group's profits and cash flow are subject to changes in the prices for its products and its key inputs, natural gas, phosphate and potash, which are commodities and, as such, their prices can be volatile in response to numerous factors outside of the Group's control. In addition, the Group's profits are also dependent on its ability to operate its facilities, including the Onne Fertiliser Plant and the Onne Power Plant, at the Onne Industrial Complex. Developments having an adverse effect on the Group's profitability and/or cash flow may result in the Group requiring substantial working capital financing and there can be no assurance that the Group will be able to obtain the necessary additional working capital. The inability of the Group to fund its working capital requirements may have an adverse effect on the Group's operations and financial condition.

Market Risks

The fertiliser business is susceptible to price fluctuations and accordingly the price that the Group receives for its fertilisers could fluctuate

The fertiliser business is exposed to fluctuations in fertiliser demand and prices in the agricultural industry. These fluctuations historically have had and could have significant effects on prices across all fertiliser products, including the price that the Group receives for its fertilisers.

Fertiliser products are commodities and their prices can be highly volatile. The price of fertiliser products depends on a number of factors, including general economic conditions, cyclical trends in end-user markets, demand for food, supply and demand imbalances, the prices of raw materials such as natural gas, phosphate and potash, and weather conditions.

Demand for the Group’s fertiliser is dependent on demand for crop nutrients in Nigeria and the Group’s other key markets. The supply of fertiliser is affected by the available and operating production capacity of producers, raw material costs, the policies of governments and global trade.

Fluctuations in the price the Group obtains fertiliser products could adversely affect the Group’s financial performance.

The prevailing international market conditions for fertiliser may impact upon the Group

The Group currently exports approximately twenty-five per cent (25%) of its fertiliser and this figure is expected to increase when the New Fertiliser Plant is completed. As such, international market conditions affecting demand for fertiliser may significantly influence the Group’s fertiliser business. The international demand for fertilisers is influenced by such factors as the relative value of the Dollar and its impact on the cost of importing fertilisers, foreign agricultural policies, the existence of, or changes in, import or foreign currency exchange barriers in certain foreign markets, changes in the hard currency demands of certain countries and other regulatory policies of foreign governments, as well as the laws and policies of the Federal Government affecting foreign trade and investment. One of the key factors influencing the price of fertiliser in the international market is the global demand for cereal crops. An increase in demand for cereal crops will likely result in an increase in demand for fertiliser and, in turn, the market price for fertiliser; likewise, a decrease in demand for cereal crops will likely result in a decrease in the demand for fertiliser and, in turn, the market price for fertiliser. Adverse developments in the international market for fertilisers may have an adverse effect on the Group’s future performance.

Competition in the fertiliser industry is primarily on price, an increase in raw material prices may make the Group’s fertiliser uncompetitive.

Fertilisers are global commodities with little or no product differentiation and customers make their purchasing decisions principally based on delivered price and availability of the product. The price the Group pays for its raw materials, natural gas, phosphate and potash, is therefore important in determining whether the Group can compete on a price basis with other fertiliser producers because raw materials are a significant proportion of the Group’s costs in producing its fertilisers.

An increase in the price of raw materials required for fertiliser production could therefore affect the Group’s competitive power.

Operational Risks

The Group's operations at the Onne Industrial Complex are subject to significant operating hazards and interruptions

Operations at the Onne Industrial Complex could be partially or completely shutdown, temporarily or permanently, due to a number of circumstances, most of which are not within the Group's control, including but not limited to:

- unplanned maintenance or catastrophic events such as a major accident or fire, damage by severe weather, flooding or other natural disaster;
- labour difficulties that result in a work stoppage or slowdown;
- environmental proceedings or other litigation;
- a disruption in the supply of natural gas; and
- intermittent civil unrest in the Niger Delta.

The magnitude of the effect on the Group of any unplanned shutdown will depend on the length of the shutdown and the extent of the operations affected by the shutdown.

Sections of the Onne Industrial Complex, including the Onne Fertiliser Plant and the Onne Power Plant, are occasionally shutdown to undergo planned and unplanned maintenance. The duration of maintenance at the Onne Industrial Complex affects the production of fertiliser by the Group.

If the Group experiences significant property damage, business interruption, environmental claims, fines, penalties or other liabilities, operations, could be affected.

The Group may not be able to implement more advanced technologies into its facilities in a timely and cost-effective manner

To remain competitive and better optimise production from its power generation and fertiliser manufacturing facilities as well as comply with increasingly stringent environmental regulations, the Group's success will depend on its ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely manner. In the current industry environment, power and petrochemical projects increasingly seek to implement newly developed, sophisticated, and complex machinery built by third parties that has not been extensively field tested and is therefore susceptible to malfunction. In addition, because acquisition of technology is costly, if the technology is not utilised in a productive and efficient manner, the Group may not realise the expected benefits of these technologies and its operations and profitability may be adversely affected.

Changes in technology may also make newer power generation or fertiliser manufacturing facilities or equipment more competitive than the Group's facilities and require the Group to make additional capital expenditure to upgrade its facilities. Inability to adapt to changing technology in a timely manner could weaken the Group's competitive position.

Environmental Risks

The Group is subject to extensive environmental, health and safety regulation, past and future transgressions of which may result in financial penalties and other sanctions

The Group's business is subject to extensive environmental and health and safety laws and regulations. Violations of these laws and regulations could result in penalties, civil and criminal sanctions, permit revocations, or facility shutdowns.

The Group may face financial penalties or other sanctions, including having its operations suspended or shutdown, or be subject to claims from companies or individuals, including in relation to damage to property and injury and loss of life, as a result of violations of environmental and health and safety laws and regulations.

Any action taken against the Group as a result of violations of environmental or health and safety laws and regulations, past and future, could impact the Group's operations and reputation.

New environmental laws and regulations could result in the Group incurring significant expenditure and/or restrict the Group's activities

New environmental laws and regulations, increased enforcement of existing laws and regulations or other developments could require the Group to make additional expenditures or restrict the activities of the Group. The Group may incur additional expense in complying with such environmental laws and regulations; or bear consequences of the restrictions on its activities which could result there from.

Risks relating to Nigeria

Most of the Group's operations are conducted, and most of its customers are located in Nigeria. Accordingly, the Group's business, financial position and results of operations are substantially dependent on the economic and political conditions prevailing in Nigeria. In addition, the Group transacts business in other parts of West Africa, parts of Central Africa and Southern Africa, Europe and South America.

Emerging markets such as Nigeria are subject to greater risks than more developed markets

Investing in shares of issuers in emerging markets, such as Nigeria, generally involves a higher degree of risk than investments in shares of corporates from more developed markets. These risks include, but are not limited to, higher volatility and more limited liquidity in respect of shares, greater political risk, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets such as Nigeria are also subject to rapid change and the information set out in this Listing Memorandum may become outdated relatively quickly.

Furthermore, financial turmoil in any emerging market country tends to adversely affect prices in equity and debt markets of other emerging market issuer countries as these countries experience significant capital flight . As has occured in the past, economic uncertainty or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if the Nigerian economy remains relatively stable, financial turmoil in any emerging market country could impact the price of the Ordinary Shares in the market.

There may be exchange rate instability and changes in the value of the Naira relative to the U.S. Dollar

Given Nigeria's dependency on oil earnings to bolster exports and external reserves, some underlying currency risk is expected to linger, especially with global interest rates rising in the near term. Since the Group buys many of its raw materials and incurs significant costs in U.S. dollars but receives most of its income in Naira, fluctuations in the Naira/U.S.

Dollar exchange rate could have a material adverse effect on the Groups operations, financial condition, and future prospects.

Political Risk – risks associated with the political climate

Nigeria is recovering from the 2016 recession and currently experiencing an unprecedented period of political stability, following 18 years of uninterrupted democracy which began with civilian rule in 1999. The country is about to enter another round of relative political uncertainity with the scheduled February 2019 elections. However, there are positive expections for continued political stability given the peaceful 2015 elections as well as the first ever seamless transition of power, despite negative expectations in the regard. The outcome of the upcoming election and potential change of government could have a significant impact on the activities of the Company as the new administration may enact and pursue policies different from the current administration. These policies may either positively or negatively affect the Company's performance and the economy at large.

The Nigerian Political and Economic Environment

Nigeria is the largest economy in Africa with an estimated GDP of US$485 billion in 2016 and a population of 178.5 million. The country went into a recession in the second quarter of 2016, for the first time in over 20 years following the decline in global oil prices. According to the NBS GDP report (Q4 2017), the economy grew by 0.83% in 2017 further consolidating its recovery after five consecutive contractions (Q1 2016 – Q1 2017). The Nation has experienced political stability having held 5 successful democratic elections following decades of military rule. Nigeria returned to civil rule in 1999 with the election of Olusegun Obasanjo a member of the Peoples Democratic Party ("PDP"). Obasanjo served for eight years and commenced the implementation of policies aimed at diversifying the economy to reduce reliance on the oil and gas sector, improving macroeconomic stability and developing the nation's infrastructure. In 2007, Nigeria witnessed its first ever transition from one democratically elected government to another with the election of Umaru Musa Yar'adua, also a member of the PDP.

Nigeria's socio-political stability faced a major test between December 2009 and May 2010 with the protracted illness and subsequent passing away of the late President Umaru Musa Yar'Adua. The then Vice President, Goodluck Jonathan, assumed the office of President and was subsequently elected as the President of Nigeria in April 2011, in elections that were widely considered free and fair by domestic and international observers. The elections resulted in the PDP winning majority of the state governorship elections as well as comfortable majorities in both houses of the National Assembly.

Following the 2015 elections, Nigeria witnessed its first ever change of government from one political party to another. The 2015 Presidential election which was postponed from February 14th to March 28th was preceded by predictions of violence. The risk of political unrest and fluidity of political direction in the Country hampered interest in Nigerian ventures as international investors were less inclined to invest thus translated into reduced economic activity. Despite negative expectations, the elections were peaceful and it was the most closely-fought presidential election in Nigeria's democratic history, which led to the emergence of the former military head of state General Muhammadu Buhari of the All Progressives Congress (APC) evincing the country's maturing democracy.

Economy

Since its return to democracy, Nigeria has recorded an impressive growth with real GDP growth at an annual average of over 3%. However, in 2015 economic growth began to slow down and the year ended with a 2.7% growth in GDP, significantly below its growth of 6.3% in 2014. In 2016, it continued to deteriorate further after recording negative growth in the first two consecutive quarters (-0.4% and -2.1% year-on-year respectively), officially going into recession. The contraction was drivien by a significant decline in the global price of oil coupled with renewed militant activity in the Niger Delta region which resulted in a decline in production to about 1.6mbpd.

The economy recovered in Q2 2017, with a real GDP growth of 0.55%, signifying an exit from recession. This was a significant increase when compared with -0.52 and -2.06 per cent growth in the preceding quarter and corresponding period of 2016, respectively. The non-oil sector grew by 0.45% and remained the main driver of growth in the second quarter of 2017. The key drivers of growth in the non-oil sector were the agriculture sector (3.01%), finance & insurance (10.45%) and services (2.33%). Oil production increased to 1.84mbpd an 8.9% increase (q-o-q) as a result of efforts made by the Federal Government to pacify miltants in the Niger Delta. Furthermore, Nigeria's GDP grew in the third quarter of 2017 by 1.40 per cent (year-on-year) in real terms[8] recording the second consecutive positive growth since the emergence of the economy from recession in the second quarter of the same year. In the third quarter of 2017, the oil sector contributed 10.04 per cent to total real GDP, an increase from 8.09 per cent reported in the corresponding period of 2016. According to NBS the economy recorded a real annual growth rate of 0.83 per cent 2017.

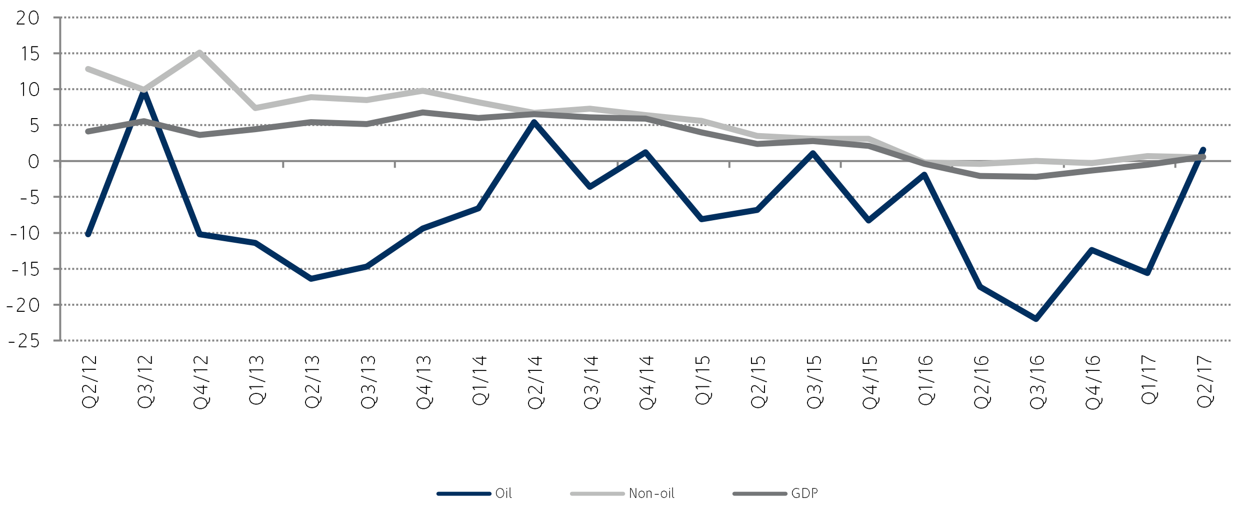
Headline inflation has been on a downward trend and recorded its thirteenth consecutive decline in February 2018 to 14.33 per cent, a -3.47 per cent drop compared to the same period of 2017.

Gross Domestic Product

Nigeria's GDP trended upwards in the last three consecutive quarters, after contracting for five consecutive quarters between 2016 - 2017. GDP grew by 0.83% in 2017, missing the World Banks forecast of 1% growth. The World Bank forcasts a 2.5% growth in Nigeria's GDP in 2018 based on an expected increase in oil output as well as accelerated implementation of public and social investment projects by the Federal Governent.

The recent lower growth rate of the Nations economy has resulted in a renewed focus on economic diversification and promoting growth in the private sector.

GDP, Oil and Non-oil growth (% chg y/y)

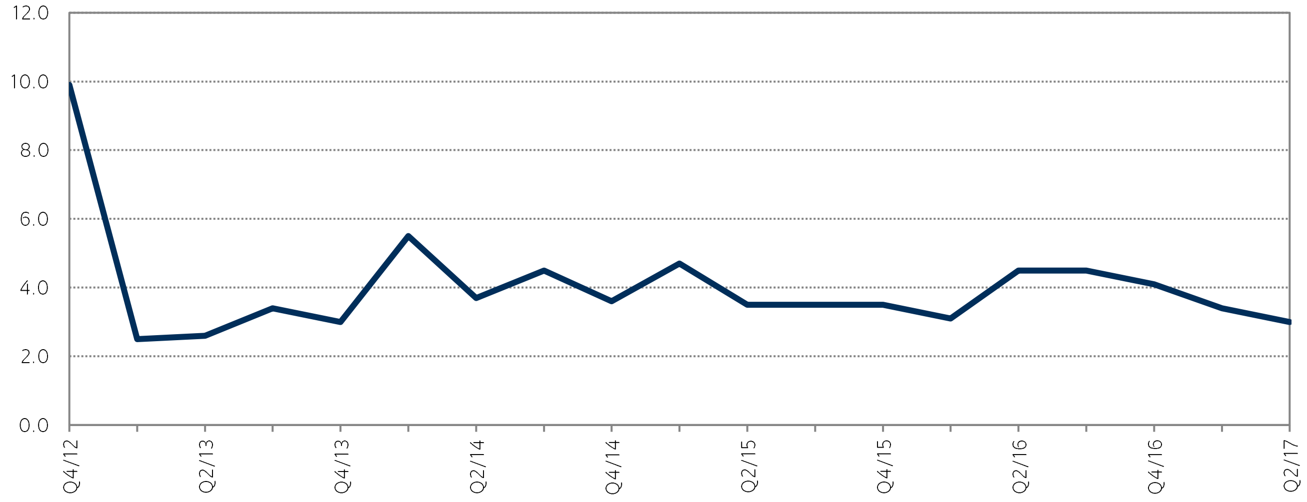


Sources: National Bureau of Statistics (NBS); FBNQuest Research

[8] Nigerian Gross Domestic Product Report (Q3 2017)

The services sector is the largest sector in the economy, with agriculture contributing 26.18% to the Nation's GDP in Q4 2017 according to government statistics with a growth rate of 4.23% in Q4 2017. Agriculture employs about 70% of the country's labour force. Its record for job creation, however, is poor. The insecurity in the North East has driven away farmers, transporters and middlemen and severely impacted on agro-allied activities in the region.

Agricultural GDP growth (% chg; y/y)



Sources: National Bureau of Statistics (NBS); FBNQuest Research

Exchange Rate

Nigeria's exchange rate relative to the Dollar has historically been very sensitive to fluctuations in the price of crude oil. Following the fall in crude oil prices in 2015, Nigeria experienced a highly volatile FX market, which lasted until Q2 2017. The average Naira exchange rate remained relatively stable between ₦197 and ₦199 at the inter-bank segment, but significantly volatile in the BDC segment where it traded at an all time high of over ₦500/$1. The CBN in a move to close the gap between the inter-bank and BDC in April 2017, via a circular dated 21 April 2017 (the "Circular"), introduced the (**NAFEX** Fixing Mechanism (commonly known as the "Investors' and Exporters'" foreign exchange window), a special foreign currency exchange window for investors, exporters and end-users. This new exchange window aims to increase liquidity in the foreign exchange market in Nigeria and ensure timely settlement of eligible transactions. Eligible transactions provided for by the Circular include invisible transactions, trade related payment obligations (at the instance of the customer) and bills for collection. The Circular defines "Invisible Transactions" to include loan repayments, loan interest payments, consultancy fees, personal home remittances and technology transfer agreements amongst others. The decision became necessary given the wide gap between the rates at the CBN official exchange market, the interbank market and the BDC market; a development which was largely fuelled by speculative activities in the foreign exchange market in the country.The CBNs aim in this regard is to help ease the demand for FX in the parallel market and reduce the downward pressure on the Naira exchange rate.

Since the establishment of NAFEX, the CBN has recorded about $10 billion in autonomous inflows through the window alone. At an exchange rate of ₦360/$ the NAFEX forced the rate to fall significantly at the BDC market in the first few months that preceded its launch. As at Q3 2017 Naira had fallen from ₦500/$1 to ₦363/$1 at the BDC. Additionally, on April 24, 2017, the CBN mandated DMBs to commence the sale of FX to their respective customers at a rate of not more than ₦360 to $1. Thus, customers requesting FX for personal use such as transport allowance, tuition and medical fees would henceforth obtain same from BDC at a maximum rate of ₦360/$1 while the CBN will sell to such DMBs at the rate of ₦357/$1.

The recent rally in crude oil prices if sustained could result in a further appreciation of the Naira. Given the increase in government revenue, the CBN intends to shore up the Nation's external reserves of $34Bn as at Q3 2017 to $40Bn by the end of 2018.

Economic Indicators

Economic Indicators	2015	2016	2017	2018E
Real growth (in per cent)	2.8	-1.6	0.8	2.5
CPI (in per cent; y/y Dec)	9.6	18.6	15.4	13.5
Monetary policy rate (%; year-end)	11.0	14.0	14.0	13.0
Current account/GDP (in per cent)	-3.2	0.6	0.8	0.2
Bonny Light (average spot; US$/b)	53	45	57	65
Bonny Light (end-period spot; US$/b)	35	55	60	67
Official Fx reserves (in US$ bn)	29	26	38	40
₦/US$ (end-period)	197	305	308	315
₦/US$ (average)	196	254	305.5	312

Source: *FBNQuest Research; CBN*

Economic Outlook

Nigeria is expected to sustain the moderate growth it experienced in 2017. According to the World Bank, Nigeria's economy is expected to grow by 2.5% in 2018 based on expected increase in oil production. The Federal Government intends to take advantage of peace in the Niger Delta to increase production to 2.3mbpd.

Although inflation rate has been on a decline, the IMF predicts double digit inflation rate all through 2018. It is however uncertain whether the CBN will keep rates unchanged.

The economic outlook for growth remains positive with the focus of the President Buhari-led administration on developing the agriculture and mining sectors. Agriculture would most likely remain an important sector going forward, not only as a contributor to overall economic growth but also as a major employer of labour. The increase in access to credit is an indication of the Federal Government's commitment to the sector. The CBN's Agricultural Credit Guarantee Scheme Fund, the Commercial Agricultural Credit Scheme (launched in 2009), and the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending, which will guarantee 75% of the value of loans by DMBs to farmers up to a ceiling of ₦600 billion, are initiatives being implemented to boost development in the sector. Also key to this growth is the development of distribution networks for supplying farmers by the fertilizer companies.

The overall outlook for economic activities is expected to improve on account of sustained improvement in the supply of power and refined petroleum products and the progress made with combatting the Boko Haram insurgency in the North-East.

FINANCIAL INFORMATION

The auditors of Notore are PricewaterhouseCoopers with registered office at Landmark Towers, 5 Water Corporation Street, Victoria Island, Lagos. PwC is a member of the Institute of Chartered Accountants of Nigeria (ICAN), the professional body which oversees audit firms in Nigeria. PwC audited the Company's financial statements for the years ended 2014 to 2017, which were prepared in accordance with Nigerian Generally Accepted Accounting Principles and International Financial Reporting Standards ("IFRS").

Summary of Financial Highlights for FY2014 to FY2017

Financial Year Ended September 2014

- The Company produced 133,486mt of Ammonia and 200,547mt of Urea. Export sales accounted for 6,583mt of Ammonia and 32,132mt of Urea while local sales accounted for 165,042mt of Urea. Notore's inability to meet its production target due to the lost production days (137) in the 2014 financial year affected revenues and profit negatively. Moreover, an exceptional cost item of ₦3,961,330,000 (approximately US$25,512,000) arising from the impairment/write-off of an export credit grant due from the Federal Government in relation to cumulative export sales made by Notore over the years also impacted the bottom line negatively.

- The Company completed the refinancing of the balance of its US Dollars secured debt (approximately US$94,000,000) into the local currency (Naira) with tenors of 10 years and interest rate of 7%p.a.

- The CBN ruling rate for the restatement of the Company's audited financial statements was ₦155.25/$1 as at September 30 2014.

- The gross profit margin of 16.41% was the lowest that the company had ever recorded in the last six financial years up till 2017.

Financial Year Ended September 2015

- Notore started receiving gas from Accugas Limited in January 2015 as an interim solution to its gas supply challenges. The numerous thermal cycles in 2013 and 2014 due to the plant restarting at several times to attain temperatures of 1000 degrees centigrade affected its reliability significantly. Thus, the plant experienced days wherein it was shut down due to its reliability.

- The Company produced 152,300mt of Ammonia and 209,459mt of Urea. Export sales accounted for 10,271mt of Ammonia and 78,794mt of Urea while local sales accounted for 111,930mt of Urea. Notore's inability to meet its production target due to the waning reliability of the plant affected revenues and profit negatively. Moreover, the local currency experienced a devaluation from ₦167.5/$1 to ₦196.5/$1 during the financial year which resulted in foreign exchange losses (₦983,620,000) being recorded in the financial year thereby affecting the bottom line.

- The gross profit margin increased from 16.41% in 2014 FY to 22.57% in 2015 financial year. Nevertheless, the foreign exchange loss recorded impacted our bottom line.

Financial Year Ended September 2016

- Eroton commenced the supply of gas to Notore in March 2016 and there was no disruption in supply of gas in the financial year. The plant only experienced shut downs due to its reliability issues. Consequently, management commenced actions on a capital raise exercise to ensure that funds were provided in addressing the reliability issues of the plant.

- The Company produced 189,961mt of Ammonia and 271,585mt of Urea. Export sales accounted for 6,176mt of Ammonia and 48,800mt of Urea while local sales accounted for 221,359mt of Urea. The increase in 2016 financial year Urea production by 62,126mt compared to 2015 financial year production figure was due to a routine maintenance programme that was carried out on the plant during the year.

- Gross profit margin increased significantly from 22.57% in 2015 financial year to 38.56% in 2016 financial year and the EBITDA margin also returned into the positive region as we recorded 19.32% EBITDA margin. Nevertheless, further devaluation of the Naira from ₦196.5/$1 to ₦304.75/$1 during the financial year resulted in foreign exchange losses of ₦5,810,000,000 which affected our bottom line. These losses were attributable to the redenomination of our US Dollar exposures.

Financial Year Ended September 2017

- There was no disruption in supply of gas during the financial year. In October/November 2016, Notore carried out a maintenance programme to increase the daily production of urea to 1,300mt which was achieved. However, the sustainability of a daily production of 1,300mt or 1,500mt for 330 days annually is still dependent on Notore carrying out the TAM exercise.

- The Company produced 203,223mt of Ammonia and 315,228mt of Urea during the financial year. Export sales accounted for 6,176mt of Ammonia and 23,172mt of Urea while local sales accounted for 287,358mt of Urea. The Company generated a total revenue of ₦35,893,598,000 (US$99,704,439) for the financial year which is quite significant compared to the total revenue of ₦25,201,505,000 (US$82,492,651) in 2016 financial year.

- Notore recorded a gross profit margin of 51% and, EBITDA margin of 39%. These margins are based on production volume of approximately 315,228mt. Notore management is confident that the margins will improve significantly when the production volume increase to 500,000mt per annum post the TAM exercise.

Letter from Auditors

14 March 2018

The Directors
Notore Chemical Industries Plc
6th Floor, Keystone Bank Building
1 Keystone Bank Crescent off Adeyemo Alakiya
Victoria Island
Lagos

and

The Directors
FBNQuest Merchant Bank Limited
10 Keffi Street
South West
Ikoyi
Lagos

and

The Directors
Vetiva Capital Management Limited
266B Kofo Abayomi Street,
Victoria Island
Lagos

Dear Sirs

NOTORE CHEMICAL INDUSTRIES PLC – CONFIRMATION OF GOING CONCERN STATUS

We have audited the consolidated and separate financial statements of Notore Chemical Industries Plc ("the Company") and its subsidiaries (together "the group") for the year ended 30 September 2017, prepared in accordance with International Financial Reporting Standards, and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

Based on our audit and from the representation received from the Directors, nothing has come to our notice that makes us to believe that the Company will not continue in operation as a going concern for at least twelve months from the date the consolidated and separate financial statements was approved by the Directors.

Yours faithfully
For: **PricewaterhouseCoopers**

Osere Alakhume
Partner

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

NOTORE CHEMICAL INDUSTRIES PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 30 SEPTEMBER 2014 TO 2017

	Notes	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Revenue	7	35,893,598	25,201,505	16,276,760	16,571,954
Cost of sales	8	(25,461,438)	(18,276,802)	(15,609,164)	(16,913,775)
Gross (loss)/profit		10,432,160	6,924,703	667,596	(341,821)
Administrative expenses	9a	(4,420,780)	(6,025,920)	(5,643,601)	(5,885,983)
Selling and distribution expenses	9b	(320,439)	(541,426)	(61,497)	(131,719)
Other income	10	1,251,759	2,050,385	1,249,118	357,490
Operating (loss)/profit		6,942,700	2,407,742	(3,788,384)	(6,002,033)
Finance income	11a	393	508	4,319	8,089
Finance costs	11b	(9,091,228)	(14,243,856)	(8,087,558)	(5,659,814)
Finance costs- (net)		(9,090,835)	(14,243,348)	(8,083,239)	(5,651,725)
(Loss)/profit before taxation		(2,148,135)	(11,835,606)	(11,871,623)	(11,653,758)
Taxation	12	10,800,569	(181,256)	-	-
(Loss)/profit after taxation		8,652,434	(12,016,862)	(11,871,623)	(11,653,758)
Other comprehensive income					
Actuarial loss on employee benefit obligation	23	93,656	28,583	(342,981)	(377,089)
Deferred tax credit on actuarial loss	12a	(28,097)	(8,575)	102,894	113,127
Revaluation surplus on PPE		-	70,039,453	-	-
Deferred tax charge on revaluation surplus		-	(23,949,023)	-	-
Revaluation surplus transferred to retained earnings		(4,729,891)	-	-	-
Total that will not be reclassified to Profit or loss		(4,664,332)	46,110,438	(240,087)	(263,962)
Items that may be subsequently reclassified to profit or loss					
Currency translation difference		618	267,451	139,607	(28)
Total items that may be reclassify To profit or loss		618	267,451	139,607	(28)
Other comprehensive income net of tax		(4,663,714)	46,377,889	(100,480)	(263,990)

Total comprehensive income for the period	3,988,720	34,361,027	(11,972,103)	(11,917,748)
	=======	=======	========	========
(Loss)/Earnings per share	₦5.37	(₦7.45)	(₦7.89)	(₦7.44)

NOTORE CHEMICAL INDUSTRIES PLC
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED 30 SEPTEMBER 2014 TO 2017

	Notes	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Non-current assets:					
Property,plant&equipment	13	117,904,939	125,708,573	58,317,528	61,447,014
Investment property	14	21,966,286	21,402,005	19,589,450	18,747,331
Intangible assets	15	-	-	28	8,991
Deferred tax asset	12a	-	-	1,878,273	5,446,165
Total non-current assets		**139,871,225**	**147,110,578**	**79,785,279**	**85,649,501**
Current assets:					
Inventories	17	3,127,094	2,703,840	2,231,049	2,083,976
Trade& Otherreceivables	18	3,177,873	3,276,233	4,286,779	4,640,235
Cashandbankbalances	19	1,039,087	254,377	490,111	654,134
Totalcurrentassets		7,344,054	6,234,450	7,007,939	7,378,345
Totalassets		**147,215,279**	**153,345,028**	**86,793,218**	**93,027,846**
Equity					
Issued and fully paid					
Share capital	20	806,033	806,033	806,033	806,033
Share premium	20b	27,995,916	27,995,916	27,995,916	27,995,916
Asset revaluation reserve		41,360,539	46,090,430	-	-
Foreign currency reserve		407,580	406,962	139,511	(96)
Capital reserves	20c	-	-	-	-
Share based payment reserve	21	-	-	-	-
Retained loss	22	(19,883,179)	(33,331,063)	(21,334,209)	(10,438,494)
Total equity		**50,686,889**	**41,968,278**	**7,607,251**	**18,363,359**
Liabilities					
Non-current liabilities					
Longtermborrowings	24	25,246,204	30,969,189	36,814,280	41,313,348
Employee benefit obligation	23	768,753	1,138,647	1,105,986	2,028,219
Deferredtaxliabilities	12b	11,393,742	22,260,581	-	3,149,645
		37,408,699	54,368,417	37,920,266	46,491,212
Current liabilities:					
Borrowings	24	47,743,688	38,976,770	28,107,626	18,535,161
Tradeandotherpayables	25	11,281,636	18,031,563	13,018,429	9,351,217
Current tax liabilities	12	94,367	-	139,646	286,897
Totalcurrent liabilities		59,119,691	57,008,333	41,265,701	28,173,275
Total liabilities		**96,528,390**	**111,376,750**	**79,185,967**	**74,664,487**
Totalequityand liabilities		**147,215,279**	**153,345,028**	**86,793218**	**93,027,846**

NOTORE CHEMICAL INDUSTRIES PLC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014 TO 2017

	Notes	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Cash flows from operating activities:					
(Loss)/profit on ordinary activities before taxation		(2,148,135)	(11,835,606)	(11,871,623)	(11,653,758)
Adjustments for :					
Depreciation	13	8,015,317	3,259,054	3,263,737	3,340,619
Property, plant & equipment write-off	13	219,949	-	60,303	133,558
Depreciation of investment property	14	-	-	-	878
Amortisation of intangible Assets	15	-	28	8,963	18,612
Fair value adjustment on Investment property	10	(564,281)	(1,812,555)	(842,119)	-
Currency translation diff		618	267,451	139,607	(28)
Current service cost and interest on gratuity	23	366,406	344,072	626,675	567,867
Share-based payment	21	-	-	-	4,517
Asset revaluation reserve adjustment (Note 20c)		-	-	-	-
Net adjustments for non-cash Items		**8,038,009**	**2,058,050**	**3,257,166**	**4,066,023**
Interest received	11	(393)	(508)	(4,319)	(8,089)
Interest paid	11	9,091,228	14,243,856	8,087,558	5,659,814
Gratuity paid	23	(176,694)	(182,322)	(154,753)	(486,006)
Increase in gratuity plan asset		(465,950)	(100,506)		
VAT paid		-	-	-	-
Income taxes paid	12	-	(139,646)	(147,251)	-
Changes in working capital:					
(Increase)/decrease in inventories		(423,254)	(472,791)	(147,071)	884,145
(Increase)/decrease in trade and other receivables		98,360	1,010,546	353,456	4,394,323
Increase/(decrease) in trade and other payables		(6,749,927)	5,013,134	3,667,212	202,250
Net cash generated from operating activities		**7,263,243**	**9,594,207**	**3,040,374**	**3,058,702**
Cash flows from investing activities:					
Purchases of property, plant and equipment (Additions)	13	(431,632)	(610,647)	(194,554)	(869,285)
Interest received	11	393	508	4,319	8,089
Net cash used in investing activities		**(431,239)**	**(610,139)**	**(190,235)**	**(861,196)**

Cash flows from financing activities:					
Proceeds from borrowings		(20,263,869)	27,546,499	1,470,503	-
Repayments of borrowings		(9,422,375)	(6,496,751)	(7,059,080)	(2,323,463)
Proceeds from issue of shares		-	-	-	1,080,831
Interest paid	11	(9,091,228)	(14,243,856)	(8,087,558)	(5,659,814)
Net cash used in financing activities		**(38,777,472)**	**6,805,892**	**(13,676,135)**	**(6,902,446)**
Net (decrease)/increase in cash and cash equivalents		(31,945,468)	15,789,960	(10,825,996)	(4,704,940)
Cash and cash equivalents at beginning of period	19	(4,657,115)	(20,447,075)	(9,621,079)	(4,916,139)
Cash and cash equivalents at endof period		**(36,602,583)**	**(4,657,115)**	**(20,447,075)**	**(9,621,079)**

1 **NOTORE CHEMICAL INDUSTRIES PLC.**
NOTES TO THE FINANCIAL STATEMENTS
General information

Notore Chemical Industries Plc ("the Company") was incorporated on 30 November 2005 to manufacture and deal in nitrogenous fertilizers and all substances suited to improving the fertility of soil and water. The company fully rehabilitated a 500,000 metric tonne Urea Plant in Onne, Rivers State, Nigeria and commenced commercial production in the first quarter of 2010. It is a subsidiary of Notore Chemical Industries (Mauritius) Limited.

The principal activities of the company are to manufacture, treat, process, produce, supply and deal in nitrogenous fertilizer and all substances suited to improving the fertility of soil and water.

The address of the company's registered office is:
Notore Industrial Complex
Onne
Rivers State
Nigeria

These financial statements are presented in Nigerian Naira which is the functional currency of the primary economic environment in which the parent company operates. The financial statements have been rounded to the nearest thousands Naira (NGN'000), except where otherwise indicated.

2 **Basis of preparation and adoption of IFRSs**

The consolidated financial statements of Notore Chemical Industries Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, plant and machinery and investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

These financial statements were authorised for issue by the board of directors on 30 August 2017.

3 **Changes in accounting policy and disclosures**

a) **New and amended standards adopted by the group**

The following standards have been adopted by the group for the first time

Amendments to IAS 1, "Presentation of financial statements" gives clarification on materiality and aggregation, presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments are effective from 1 January 2016.

b) ***New accounting standards issued but not yet adopted***

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2016 and beyond, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

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

Amendments to IAS 7, "Statement of Cash Flows" intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The amendments requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. The amendments does not have significant impact on the company's reporting.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is assessing IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

IFRS 16, 'Leases' establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. This will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exception are short term and low-value leases. The accounting for lessors will not significantly change. The standard is effective for annual periods beginning on or after 1 January 2019. The Company will assess the impact of IFRS 16.
There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4 Summary of significant accounting policies

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

4.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira which is the group's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses'.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in profit or loss.

4.2 **Trade receivables**

Trade receivables are amounts due from customers for sale of fertilizer products or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

4.3 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied to third parties in the normal course of business, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Depending on the terms of sales, revenue recognition could be at point of dispatch or upon customer's acknowledgement of delivery.

4.4 **Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, cash balances with banks, other short term highly liquid investments with original maturity of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

4.5 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Allowance is made for defective and slow moving items as appropriate. If carrying value exceeds net realizable amount, a write down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

4.6 **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.7 **Provisions**

Provisions for legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.8 **Property, plant and equipment**

Property, plant and equipment are initially recognised at cost and subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the period in which they are incurred.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each of such part. The carrying amount of a replaced part is derecognized when replaced. Impairment losses and gains and losses on disposals of property, plant and equipment are included in the statement of profit or loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Asset category	Depreciation rate (%)
Motor vehicle	25
Computer equipment	33
Office equipment	25

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Land & Building and Plant & Marchinery are recognised t fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. A revaluation surplus is credited to other reserves in shareholders equity.

Depreciation is calculated using the straight-line method to allocate their revalued amounts, net of their residual values, over their estimated useful lives. Freehold is not depreciated but leasehold land and leasehold improvements is depreciated over the remaining lease term. On an annual basis, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from asset revaluation reserves account to retained earnings through other comprehensive income. For Buildings and Plant & Machinery, depreciation is calculated as follows:

Asset category	Depreciation rate (%)
Buildings	2
Plant and Machinery	5

4.9 **Intangible assets**

Computer software licences are acquired and recognized at acquisition cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditures on software are capitalised only when it increases the future economic benefits of the related software. Software maintenance costs are recognized as expenses in the profit and loss as they are incurred. Amortisation is recognized in profit and loss account on a straight-line basis over the estimated useful life of the software, from the date it is available for use. The estimated useful life of software is three years and this is reassessed annually.

4.10 **Impairment of non-financial assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

4.11 **Financial instruments**

(i) Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade receivables, short-term borrowings and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are carried at amortised cost less any impairment.

(b) Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(ii) Financial liabilities at amortised cost

Financial liabilities are classified as financial liabilities at amortised cost. Financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, inclusive of directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows: These include trade payables and bank borrowings. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank borrowings are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(iii) Derecognition

Financial assets and liabilities are derecognised when the rights to receive cash flows, from the investments or settle obligations have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.12 **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.13 **Impairment of financial assets**

Assets carried at amortised cost
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable

decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

4.14 **Income taxation**

(a) Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA). Education tax is assessed at 2% of the chargeable profits.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in Nigeria, where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates except where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.15 **Employee benefits**
The group operates various post-employment schemes, including both a defined contribution scheme and a defined benefit obligation.

(i) Defined contribution scheme (Pension obligations)

The group operates a defined contribution pension scheme for its employees in line with the provisions of the Pension Reform Act. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group's contributions to the defined contribution schemes are charged to the statement of profit or loss for the period to which they relate. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Gratuity Scheme

The Company operates a defined benefit gratuity scheme for its employees. The employees' retirement benefits under the gratuity scheme depend on the individual's years of service and gross salaries at the end of each completed year. The scheme is not funded.

The risk that the retirement benefits could cost more than expected or that the return on the investments is lower than expected remains with the Company, and may increase the Company's obligation. Lump-sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of employees of the Company. The liability recognised in the statement of financial position in respect of the unfunded gratuity scheme is the present value of the defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in full to equity in other comprehensive income in the period in which they arise.

(iii) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

4.16 **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

4.17 **Government grants**

Grants from the government are not recognised until there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants are recognised in the income statement so as to match with the related costs that they are intended to compensate.

4.18 **Cost of sales**

Cost of sales is primarily comprised of direct materials and supplies consumed in the manufacture of product, as well as manufacturing labour, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of sales also includes the cost of haulage and export grant credit.

4.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

4.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.21 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Land held under operating leases is classified and accounted for by the Company as investment property when the definition of investment property would otherwise be met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and (where applicable) borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment losses. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Company and the cost can be reliably measured. This is usually when all risks are transferred.

4.22 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Investments in subsidiaries are recognised at cost less impairment.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) **Disposal of subsidiaries**

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.23 **Share-based payments**

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

(i) including any market performance conditions (for example, an entity's share price);

(ii) excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

(iii) including the impact of any non-vesting conditions (for example, the exercise of the shares in the event of an IPO).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

4.24 **Segment reporting**

Operating segment is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Group Leadership Council. The Company's reportable segment has been identified on a product basis as Fertilizer and the Company is a one segment business.

5 **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results.

5.1 **Impairment**

i. Impairment of non-financial assets

The Company reviews other non-financial assets for possible impairment if there are events or changes in circumstances that indicate that the carrying values of the assets may not be recoverable, or at least at every reporting date, when there is any indication that the asset might be impaired. The Company is of the opinion that there is no impairment indicator on its non-financial assets as at the reporting date.

ii. Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

5.2 **Recognition and recoverability of Export Expansion Grant Receivable**

Export Expansion Grant from government is recognised at fair value when there is reasonable assurance that the Grant will be received and the Company has complied with all attached conditions. At the end of each reporting period, the Group assesses whether there is objective evidence that the EEG is impaired. When an objective evidence of impairment is established, an impairment loss is recognised in the income statement.

5.3 **Employee benefit obligations**

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for these benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of employee benefit obligations. The Company's actuaries determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations.

In determining the appropriate discount rate, the actuaries considers the interest rates of high-quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related employee benefit obligation. Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 23.

5.4 **Income taxes and deferred tax**

Taxes are paid by Company under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations. Accordingly, management's interpretation of the applicable tax law and regulations as applied to the transactions and activities of the Company may be challenged by the relevant taxation authorities. The Company's management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in these financial statements will be sustained. Management is of the view that there is a high probability that future taxable profit will be available to utilise the temporary differences.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

5.5 **Functional currency**

Functional currency is the currency of the primary economic environment in which the parent company operates. The assessment of the functional currency of the foreign subsidiary is subjective and involves the use of management's estimates and judgements. Management is of the opinion that the foreign subsidiary's functional currency is the Nigerian Naira as it is the currency that mainly influences sales prices for its goods and Nigeria is the country whose competitive forces and regulations mainly determine the sales prices of its goods.

6 Financial risk management

6.1 Introduction and overview of company and group risk management

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by a treasury department under policies approved by the board of directors. Treasury identifies, evaluates, and manages financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, other price risk and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The group is exposed to risks resulting from fluctuations in foreign currency exchange rates in relation to its export sales which arise from its exposures primarily to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to manage the group's foreign exchange risk against its functional currency. To manage the foreign exchange risks arising from future commercial transactions and recognised assets and liabilities, the Company uses off-setting approach. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group's functional currency.

A material change in the value of any such foreign currency could result in a material adverse effect on the group's cash flow and future profits. The group is exposed to exchange rate risk to the extent that balances and transactions denominated in a currency other than the Naira. The group holds the majority of its cash and cash equivalents in Naira. However, the group does maintain deposits in US Dollars in order to fund ongoing commercial activity and other expenditure incurred in these currencies. Currency exposure arising from assets and liabilities denominated in foreign currencies is managed primarily by setting limits on the amounts that may be invested in such deposits.
The foreign currency risk sensitivity analysis reflects the expected financial impact in Naira equivalent resulting from a 5% change to foreign currency risk exposure.
A 5 percent weakening of Nigerian Naira against the following currencies as at 30 June 2015, 30 September 2014 and 30 September 2013 would have increased /(decreased) group's profit before tax by the amount shown below. This analysis assumes that all other variables remain constant.

	30 September 2017	30 September 2016	30 September 2015
	USD '000	USD '000	USD '000
Financial assets			
Trade & other receivables		-	2,489
Cash & cash equivalents	175	46	370
	175	46	2,879
Financial liability			
Borrowings	58,508	46,784	45,699
Trade and other payables	25,799	7,907	8,615
	84,307	54,691	53,864
Net exposure in statement of financial position	(84,132)	(54,645)	(50,958)

(i) Foreign exchange risk (continued)

	Exchange rates	Reporting date exchange rates & transition	Sensitivity to 5% strengthening	Increase/(decrease) in profit or loss
30 September 2017 US Dollars	305.25	(25,681,432)	(24,397,360)	1,284,072
30 September 2016 US Dollars	304.75	(16,653,151)	(15,820,494)	832,658

A 5 percent strengthening of the Nigeria Naira against the above currencies at 30 September 2017 and 30 September 2016 could have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The foreign exchange risk is mainly from loan, foreign creditors and intercompany balances denominated in foreign currencies.

(ii) Interest rate risk

The group's interest rate risk arises from long-term borrowings and the group policy is to maintain its borrowings in fixed rate instruments.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact of a 1% shift in variable interest rates would be an increase of ₦376 million (30 September 2016: ₦49 million) or decrease of ₦376 million (30 September 2016: ₦49 million), respectively. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(b) Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the group. Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

The group's maximum exposure to credit risk due to default of the counter party is equal to the carrying value of its financial assets. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. There is no collateral on exposure to credit risk."

The group's maximum exposure to credit risk as at the reporting date is:

	30 Sept 2017	30 Sept 2016
	₦'000	₦'000
Trade receivables	656,869	839,698
Cash and cash equivalents (excluding overdraft)	1,039,087	254,377
	------------	--------------
	1,695,947	1,094,075
	========	========

The table below analyses the group's financial assets into relevant maturity groupings at the reporting date

30 September 2017	Neither past due nor impaired	Up to 3 months	3 months to 6 months	6 months to 1 year	Total
Trade receivables	-	11,495	10,943	131,530	153,968
	-----------	-----------	-----------	-----------	-------------
Cash and cash equivalents (excluding overdraft)	1,039,087	-	-	-	1,039,087
	-----------	-----------	-----------	-----------	-------------

30 September 2016	Neither past due nor impaired	Up to 3 months	3 months to 6 months	6 months to 1 year	Total
Trade receivables	218,801	118,860	19,817	-	357,478
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Cash and cash equivalents (excluding overdraft)	254,377	-	-	-	254,377
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The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	30 Sept 2017	30 Sept 2016
Nigerian Naira (in '000s)	642,365	606,402
US Dollars (in '000s)	47	763

Movements on the provision for impairment of trade receivables are as follows:

	30 Sept 2017 ₦'000	30 Sept 2016 ₦'000
At beginning of the year	482,219	648,320
Provisions for receivables impairment	20,673	482,219
Unused amounts reversed	-	-
	-----------	-----------
At end of the year	502,892	482,219
	======	======

The creation and release of provision for impaired receivables have been included in ‘operating expenses’ in the statement of profit or loss. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

Credit quality of financial assets

The credit quality of trade receivables are assessed by reference to historical information about counterparty default rates and the credit policy of the company. An analysis of the credit rating of counterparties where cash and cash equivalents are held is presented as follows:

	30 Sept 2017 ₦'000	30 Sept 2016 ₦'000
B	1,039,087	254,377
	======	======

B’ ratings indicate that material default risk is present , but a limited margin of safety remains. Financial commitments are currently being met , however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 September 2017	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	47,743,692	5,762,299	16,099,488	3,384,419	72,989,898
Trade payables	4,997,782	-	-	-	4,997,782
At 30 September 2016					
Borrowings	38,976,765	6,040,350	17,232,114	7,696,730	69,945,959
Trade payables	5,591,089	-	-	-	5,591,089

6.2 **Capital risk management**

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at 30 September 2017 and 30 September 2016 were as follows:

	30 Sept 2017 ₦'000	30 Sept 2016 ₦'000
Total borrowings (Note 24)	72,989,892	69,945,959
Less: Cash in hand and at bank (Note 19)	(1,039,087)	(254,377)
Net debt	71,950,805	69,691,582
Total equity	50,686,889	41,968,278
Total capital employed	122,637,694	111,659,860
Gearing ratio	59%	62%

6.3 **Financial instruments by category**

The carrying values of cash and cash equivalents, trade receivables, trade payables and bank borrowings approximate their fair value. The Group's financial instruments are categorised as follows:

	30 Sept 2017 ₦'000	30 Sept 2016 ₦'000
Assets as per statement of financial position		
Trade and other receivables excluding prepayments	2,997,118	3,080,966
Cash in hand and at bank	1,039,087	254,377
	-------------	-------------
	4,036,205	3,335,343
	========	========
Liabilities as per statement of financial position		
Borrowings excluding finance lease liabilities	72,989,892	69,945,958
Trade and other payables	11,281,636	18,031,563
	--------------	---------------
	84,271,528	87,977,521
	========	=========

The carrying amounts and fair value of non-current values are as follows

Carrying amount		
Non current borrowings	25,246,204	30,969,189
	========	=========
Fair value		
Non current borrowings	18,270,287	21,154,691
	========	=========

		30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
7	**Revenue**				
	Analysis by product				
	NPK	1,668	31,799	210,116	621,596
	Urea and other chemicals	35,677,832	24,092,540	15,152,173	15,469,626
	Ammonia	214,098	1,077,166	914,471	480,732
		-------------	--------------	-------------	--------------
		35,893,598	25,201,505	16,276,760	16,571,954
		========	========	========	========
	Analysis by geographical location				
	Within Nigeria	34,330,356	21,680,221	11,151,572	14,250,486
	Outside Nigeria	1,563,242	3,521,284	5,125,188	2,321,468
		--------------	--------------	-------------	--------------
		35,893,598	25,201,505	16,276,760	16,571,954
		========	========	========	========

The Company's reportable segment has been identified on a product basis as fertilizer because all the Company's sales comprise mainly fertilizer products with similar risks and rewards. Notore Chemical Industries Plc is a one segment business with no turnover to a customer that is greater than 10% of sales of the Company. Revenue is generated from local and export sales and an analysis based on customer location is set out above.

		30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
8.	**Cost of sales**				
	Depreciation	7,662,242	3,015,084	7,296,528	3,060,824

Exceptional items	-	-	-	3,961,330
Export grant credit	-	-	-	(675,684)
Haulage cost	2,491,732	3,395,905	2,950,450	2,481,992
Raw materials and Other chemicals	12,590,231	9,535,119	7,296,528	5,853,995
Staff Cost	2,717,233	2,330,694	2,355,578	2,231,318
	------------	------------	------------	-------------
	25,461,438	18,276,802	15,609,164	(16,913,775)
	========	========	========	========

9a. **Administrative expenses**

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Amortisation of intangible assets	-	28	8,963	18,612
Auditor's remuneration	41,526	37,906	65,750	59,210
Bank charges	59,768	53,586	69,157	90,299
Board expenses	75,701	43,962	29,211	20,903
Consultancy	125,543	67,878	29,900	117,078
Corporate promotion expenses	28,457	37,973	32,373	50,985
Depreciation	353,075	243,970	257,129	280,673
Director fees	507,454	509,047	404,509	314,569
Exchange loss	228,807	1,173,567	983,620	704,724
Impairment of trade receivable	20,673	14,494	580,124	-
Operating lease	-	-	-	-
Other operating expenses	1,040,219	1,731,842	1,052,994	1,841,959
Provision for doubtful debts	-	-	-	-
Repair and maintenance	127,252	54,827	49,221	51,640
Share based payment expense	-	-	-	4,517
Staff costs	1,561,343	1,929,625	1,874,817	2,090,177
Travels	250,962	307,810	205,833	240,637
Write-back of impairement	-	(180,595)	-	-
	------------	------------	------------	-------------
	4,420,780	6,025,920	5,643,601	5,885,983
	========	=======	========	========

9b. **Selling and distribution expenses**

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Marketing expenses	320,439	541,426	61,497	131,719
	=====	======	======	======

9c. **Employee benefits expense**

	30 September 2017 ₦'000	30 Sept. 2016 ₦'000
Employer's pension contribution – defined contributions	235,608	252,302
Gratuity charge (Note 23)	366,406	344,072
Other employee benefits	957,970	914,639
Salaries and wages	2,667,651	2,733,844
Termination benefits	50,941	15,462
	------------	-------------
	4,278,576	4,260,319

	30 September 2017 ₦'000	30 September 2016 ₦'000
9d. Analysis of employee benefits expense charged to:		
Cost of sales	2,717,233	2,330,694
Administrative expenses	1,561,343	1,929,625
	------------	------------
	4,278,576	4,260,319
	=======	=======

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
10 Other income				
Dealer registration fees	-	-	-	-
Fair value adjustment on investment Property (Note 15)	564,281	1,812,555	842,119	-
Rental Income	1,721	1,877	-	-
Other income	685,757	235,953	406,999	357,490
	----------	----------	------------	---------
	1,251,759	2,050,385	1,249,118	357,490
	======	======	=======	=====

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
11a Finance income				
Interest income on deposits	393	508	4,319	8,089
	====	====	====	=====

	30 June 2015 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
11b Finance costs				
Interest on overdraft	-	-	-	-
Interest on finance lease	-	-	-	753
Interest and fees on bank borrowings	9,091,228	14,243,856	8,087,558	5,659,061
	------------	------------	------------	------------
	9,091,228	14,243,348	8,087,558	5,659,814
	=======	=======	=======	=======

Included in the finance cost is the exchange difference on dollar denominated bank obligations and is largely responsible for the significant reduction observed in finance cost. For the year ended 30 September, 2017, exchange rate was relatively stable hovering between ₦304.75/USD and ₦305.25/USD compared to last financial year when the exchange rate was very erratic. In prior year, exchange rate at first took a sharp jump in June 2016 from ₦196.5/USD to ₦282.5/USD and later moved to ₦304.75/USD towards September 2016. The amount of exchange difference recognised as part of finance cost for the year-ended 30 September, 2017 is ₦5.6 million (2016: ₦5.1 billion)

12 **TAXATION**

Unrecognised deferred tax credit of prior years	(10,251,732)	-	-	-
Education tax at 2%	94,367	-	-	-
Deferred tax charge	56,428	181,256	-	-
Deferred tax credit	(699,632)	-	-	-
Income tax expense	(10,800,569)	181,256	-	-

Reconciliation of statutory and effective tax rates

The tax on the Company's profit before taxation differs from the theoretical amount as follows:

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Profit before income tax	(2,148,135)	(11,835,606)	(12,714,621)	(11,653,786)
Tax calculated at the rate of 30% (2015: 30%)	(644,441)	(3,550,682)	(3,814,386)	(3,496,136)
Effect of:				
Education tax	94,367	-	-	-
Tax rate differential	(94,776)	-	-	-
Prior years unrecognised deferred tax credit	(10,251,732)	-	-	-
Non chargeable income	19,367	180,870	68,382	6,613
Non deductible expenses	76,646	3,551,068	3,746,004	3,489,523
Total income tax expense in income statement	**(10,800,569)**	**181,256**	**-**	**-**

The applicable tax rates used for the 2017 and 2016 reconciliations above is the corporate tax rate of 30% payable by taxable entities in Nigeria on taxable profits under tax law in Nigeria.

The movement in the current tax liabilities is as follows:

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
At start of the year	-	139,646	286,897	286,897
IFRS adjustments	-	-	-	
Income tax for the year	-	-	-	-
Education tax for the year	94,367	-		-
Payment during the year	-	(139,646)	(147,251)	-
Total current tax liabilities	94,367	-	139,646	286,897

12a **Deferred tax asset**

Balance as at 1 January	5,446,165	5,446,165	5,549,059	5,333,038
Adjustments due to IFRS	-	-	-	-
Deferred tax (charge)/credit		-	-	-
-				
Tax credit to components of Other comprehensive income	10,951,364	-	(102,894)	113,127

	------------	------------	------------	------------
Balance as at 31December	16,397,529	5,446,165	5,446,165	5,446,165
	------------	------------	------------	------------

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 30 June 2016, the Group deferred tax asset stood at ₦16.1 billion (30 September 2015: ₦11.9billion) out of which ₦5.6 billion is recognised in these financial statements. The directors are of the view that the amount recognized represents deferred tax assets that can be utilized to offset future taxable profits.

		30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
12b	**Deferred tax liability**				
	Balance as at 1 January	27,706,746	3,567,892	3,149,645	3,149,645
	Adjustment due to IFRS	-	-	-	-
	Deferred tax charge for the year	56,428	181,256	-	-
	Deferred tax charge on revaluation surplus	-	23,949,023	-	-
	Provision during the year	-	-	-	-
	Tax charge on other income	28,097	8,575	521,141	-
	Transfer of previously recognised tax credit for the year on remeasurement of EBO from deferred tax assets	-	-	(102,894)	-
		-------------	-------------	------------	------------
		27,791,271	27,706,746	3,567,892	3,149,645
		=======	========	=======	=======

		2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000
13	**Property, plant & equipment**				
	Cost or Valuation:				
	Land and building	15,827,947	15,827,947	11,626,213	11,596,025
	Plant and machinery	108,068,965	107,705,212	60,004,556	59,994,056
	Motor vehicles	644,761	599,616	489,639	489,639
	Computer equipment	222,831	206,902	195,687	185,083
	Office equipment	390,762	356,891	326,668	310,727
	Capital work in progress	1,753,615	2,000,630	1,550,146	1,483,128
		-------------	-------------	-------------	-------------
		126,908,881	**126,697,198**	**74,192,909**	**74,058,658**
		-------------	-------------	-------------	-------------
	Depreciation:				
	Land and building	284,214	-	856,541	674,754
	Plant and machinery	7,662,242	-	14,092,012	11,085,404
	Motor vehicles	524,456	489,358	466,186	432,364
	Computer equipment	198,067	187,846	177,736	162,210
	Office equipment	334,963	311,418	282,906	256,912
		------------	------------	-------------	------------
		9,003,942	**988,625**	**15,875,381**	**12,611,644**
		------------	------------	-------------	-------------
	Net book value	**117,904,939**	**125,708,573**	**58,317,528**	**61,447,014**
		========	========	========	========
14	**Investment property**				
	Cost or Valuation:				
	Opening balance	21,402,005	19,589,450	18,747,331	16,708,009
	Fair value adjustment	564,281	1,812,555	842,119	2,039,322

	21,966,286	21,402,005	19,589,450	18,747,331
Depreciation:				
Opening balance	-	-	-	(2,109)
Charge for the year	-	-	-	(878)
Reclassification from PPE	-	-	-	2,987
	-	-	-	-
Net book value	**21,966,286**	**21,402,005**	**19,589,450**	**18,747,331**

Investment property is comprised of an undeveloped land and a commercial property that is leased out to third parties. The commercial property leased to third parties contains an initial non-cancellable lease period of 3 years. Subsequent renewals are negotiated with the lessee and on average the renewal periods are not less than 2 years. No contingent rents are charged. These properties were transferred from property, plant & equipment to investment property on transition date at its fair value as deemed cost.

Previously, the Group's investment property was measured at cost less accumulated depreciation and impairment losses. With effect from 30 September 2016, the Group revised its accounting policy on investment property from the cost model to fair value model where investment property is stated at fair value, in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The change harmonizes the treatment of investment property with industry practice and enhances the comparability of the Group's financial statements with those of its peers. The Directors believe that the new policy provides reliable and more relevant financial information to the users of the financial statements. The change in accounting policy has been accounted for retrospectively, and the comparative financial statements have been restated.

The impact of the change in accounting policy on the financial statements are:

i) Increase of ₦0.8 billion as at 30 September 2015
ii) Increase of ₦1.8 billion as at 30 September 2016
iii) Increase of ₦0.6 billion as at 30 September 2017

The corresponding amounts of the fair value adjustment have been recognised in Other income
Also included in Other income in the income statement is the sum of ₦1.88 million (2016: ₦1.88 million) being rental income from the commercial property. No direct operating expense was incurred during the year in generating the income.

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
15 **Intangible assets**				
Cost				
Opening balance	54,961	54,961	54,961	54,601
Reclassification from PPE	-	-	-	360
	54,961	**54,961**	**54,961**	**54,961**
Depreciation:				
Opening balance	(54,961)	(54,933)	(45,970)	(27,358)
Charge for the year	-	(28)	(8,963)	(18,612)
	(54,961)	(**54,961)**	**(54,933)**	**(45,970)**

Net book value	-	**-**	**28**	**8,991**
	=====	====	=====	=====

Intangible assets relate to cost of software. No amortisation expense was recognised during the year (2016: ₦0.28 million) in Administrative expenses.

16 **Long term investments**

a. Other relevant details of the investments are as follows**:**

Subsidiaries	**Nature of Business**	**Country of incorporation**	**Year of incorporation**	**Issued share** ₦'000	**Group interest** **%**
Notore Power Limited	Power generation distribution and sale	Nigeria	2007	10,000	100
Notore Supply & Trading BVI	Import and sell fertilizers chemicals and allied products	British Virgin Island	2008	100 single	100
Notore Foods Limited	Marketing of farm produce	Nigeria	2009	10,000	100
Notore Seeds Limited	Develop and market high yield seeds	Nigeria	2009	10,000	100
Notore Supply and Trading Mauritius	Import and sell fertilizers chemicals and allied products	Mauritius	2014	100 single	100

b. Condensed results of operations for NS&T as at June 2015

	NS&T ₦'000
Condensed profit and loss accounts	
Turnover	157,136
Gross profit	157,136
Operating profit	221,405

Profit before taxation	256,920
Taxation	-

Profit after taxation	256,920
	======
Condensed financial information	
Total assets	839,969
Current liabilities	(6,828)

Net assets	833,142
	=======
Condensed cash flow	
Net cash used in operating activities	5,502
Net cash used in investing activities	(393)
Net cash generated from financing activities	197

Net change in cash and cash equivalents	5,306
	=====

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
17 **Inventories**				
Raw materials	1,000,921	788,089	1,159,520	884,383
Finished goods	717,964	665,016	191,869	347,719
Goods in transit	771,509	569,628	316,700	410,461
Spares	636,700	681,107	562,960	441,413
	-----------	-----------	-----------	---------
	3,127,094	**2,703,840**	**2,231,049**	**2,083,976**

The cost of inventories included in cost of sales for the year ended 30 September 2017 is ₦7.51 billion (30 September 2016: ₦4.47 billion).

		30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
18	**Trade and other receivables**				
	Trade debtors	656,860	839,698	2,296,253	2,009,744
	Provision for doubtful debts	(502,892)	(482,219)	(648,320)	(68,196)
		153,968	357,479	1,647,933	1,941,548
	Prepayments	180,755	195,266	117,308	169,785
	Employee receivables	40,596	24,305	17,643	16,787
	Negotiable duty credit certificate	571,811	571,811	571,811	571,811
	Prepaid suppliers	635,435	510,249	142,990	204,287
	Export grant receivable	-	-	-	-
	Other receivables	1,595,308	1,617,123	1,789,094	1,736,017
		3,177,873	**3,276,233**	**4,286,779**	**4,640,235**

The trade receivable is not interest bearing. For receivables that are classified as 'current' due to their short-term maturities, the fair value approximates their carrying values.

Employee receivables are staff loans granted to staff members at below market rates. The fair value of the employee loans is based on cash flows discounted based on market borrowing rate.

All trade and other receivables are current.

Included in other receivables for the three years presented are receivables from Stanbic IBTC Trustees Limited with respect to the Employee Stock Option (ESOP) and withholding tax receivable.

		30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
19	**Cash and cash equivalents**				
	Cash and bank balance	1,039,087	254,377	490,111	654,134
	Bank overdraft (Note 24)	(37,641,668)	(4,911,492)	(20,937,186)	(10,275,213)
		(36,602,583)	(4,657,115)	(20,447,075)	(16,710,944)
20	**Share capital**				
	Authorised:				
	2billion ordinary shares of ₦0.50k each	1,000,000	1,000,000	1,000,000	1,000,000
	Issued and fully paid:				
	1.61 billion ordinary shares of 50k each	806,333	806,333	806,333	806,333
	Bonus issue at 4-for-1 to existing shareholders	-	-	-	-
	At the end	806,333	806,333	806,333	806,033

		30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
20b	**Share premium**				
	At the beginning	-	-	27,564,748	27,564,748
	4.8 million shares allotted during the period at ₦223.49 per share	-	-	1,075,995	1,075,995
	Bonus issue at 4-for-1 to existing shareholders	-	-	(644,827)	(644,827)
	At the end	-	-	27,995,916	27,995,916
20c	**Capital reserves**				
	The movement in capital reserves is as follows:				
	Balance at 1 January	-	-	-	14,175,001
	IFRS conversion adjustment (write back to reserves	-	-	-	-
	Revaluation surplus recognised Adjustment	-	-	-	-
	Deferred tax liability (Note 12b)	-	-	-	-
	Balance at year end	-	-	-	-

The adjustment of ₦92 million represents the shortfall in the amount payable to Proplant Inc for the revamp of the plant, which was completed in 2010. This was included in the NBV of the assets during the revaluation in 2010.

		30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
21	**Share based payment reserve**				
	Balance as at 1 January	-	-	-	493,534
	IFRS conversion adjustment	-	-	-	-
	Total	-	-	-	493,534
	Charge for the year	-	-	-	4,517
	Transfer to retained loss (Note 22)	-	-	-	(498,051)
	Balance as at year end	-	-	-	-

Share options were granted to certain employees of Notore as at 1 January 2007, 1 January 2008, 1 October 2009 and 1 July 2010. These options are American-style options, i.e. once a share vests the option holder can exercise their option at any point in time from the vesting date to the expiry date (31 December 2014). Only a service condition will be attached to the award, i.e. there will be no performance conditions. It is classified as an IFRS 2 equity-settled scheme.

The proportion of shares vesting at the different vesting dates for all the grants is shown in the table below.

Vesting date	1 January 2007 grant	1 January 2008 grant	1 October 2009 grant	1 July 2010 grant

31 December 2007	100%	0%	0%	0%
31 December 2008	0%	16.67%	0%	0%
31 December 2009	0%	16.67%	5.88%	0%
31 December 2010	0%	16.67%	23.53%	14.29%
31 December 2011	0%	16.67%	23.53%	28.57%
31 December 2012	0%	16.67%	23.53%	28.57%
31 December 2013	0%	16.67%	23.53%	28.57%

The maximum term of an option (of a particular grant) with specific vesting date is the period of time from the vesting date to the expiry date of 31 December 2014. Upon exercise, participants receive shares to the value of the increase in the share price above the strike price. In the event of involuntary retirement, permanent or total disability, death or redundancy, eligible employees will be able to exercise all of their remaining (i.e. unexercised) and fully vested options.

If an employee voluntarily resigns and has been employed by Notore for 5 or more years, then the employee can exercise 75% of their remaining (i.e. unexercised) and fully vested options. If an employee voluntarily resigns and has been employed by Notore for less than 5 years, then the employee can exercise 50% of their remaining (i.e. unexercised) and fully vested options. Participants are not entitled to any dividends declared on the underlying shares (prior to exercising the share options).

The methodology used to value the Notore ESOP is detailed below.

Schemes that provide their members with ongoing optionality (i.e. American-type options) are usually valued using a binomial tree model. However, as at 30 September 2013, none of the options granted have yet to be exercised. This is even the case for those options that vested on 31 December 2007. Consequently this behaviour can be viewed as though the members are delaying the right to exercise as far as possible. The expiration of all the granted options is on the same date, 31 December 2014, and so this can be viewed as a European option with exercise occurring at the expiration date. Furthermore, this assumption is conservative as the value of an option increases with the term to expiration/exercise. As a result from the above justification, the scheme has been valued as a collection of European options by using a Black-Scholes option pricing model.

Notore is an unlisted company and consequently it does not have a liquid and publicly available share price history. In order to set the volatility assumption, the share price history of Notore’s adopted competitor, which is listed on the Nigerian Stock Exchange, was used. It was noted that even though the competitor is a publicly traded company, it is not as liquid/actively traded compared to other larger companies. In setting the volatility assumption, the volatility of the competitor's share price was analysed and combined with its degree of illiquidity to come up with a sensible volatility for the competitor. This was then used, along with: allowing for the industry in which Notore operates, the fact that Notore is unlisted and industry experience to arrive at a volatility assumption of 40%. IFRS 2 requires the volatility assumption to be determined as at each of the grant dates for an equity settled scheme. However, due to the lack of share price data and the fact that this is the first time this valuation is being performed, the volatility assumption of 40% was used for all grants.

22 Reserves

	30 September 2017 ₦’000	30 September 2016 ₦’000	30 September 2015 ₦’000	30 September 2014 ₦’000
The movement in retained earnings is as follows:				
Profit or loss account				
Balance at the beginning	(33,331,063)	21,334,209	(10,438,494)	(1,061,134)
IFRS conversion adjustments	-	-	-	2,042,308
Retained (loss)/profit for the period/year	8,652,434	(12,016,862)	(11,871,623)	(11,653,757)
Remeasurement of post employment benefits net of tax	65,559	20,008	975,908	(263,962)
Transfer from share based payment reserve	-	-	-	498,051
Revaluation reserve released on				

depreciation of revalued PPE	4,729,891	-	-	-
Balance at the end	(19,883,179)	(33,331,063)	(21,334,209)	(10,438,494)

23 **Employee benefit obligation**

a- Defined benefit scheme

The table below outlines where the Company's post-employment amounts and activity are included in the financial statements:

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Balance sheet obligations for:				
Post payment benefit	768,753	1,138,647	1,105,986	2,028,219
	768,753	1,138,647	1,105,986	2,028,219
Liability in the balance sheet				
Income statement charge included in Employee benefits expense for:				
Post-employment benefit	366,406	344,072	626,675	567,867
	366,406	344,072	626,675	567,867
Remeasurements for:				
change in financial assumption and experience adjustment	(93,656)	(28,583)	(342,981)	377,089
	(93,656)	(28,583)	(342,981)	377,089

The Company operates a gratuity scheme whereby at the time of leaving the service or retirement from the Company, an employee is paid gratuity. The plan provides a retirement benefit of 15% of gross annual salary for each year of service for staff with 5 and above years of service. Responsibility for governance of the plans – including investment decisions and contribution schedules – lies with the Company.

The provision for gratuity was based on independent actuarial valuation performed by independent actuaries using the projected unit credit method. The Company currently maintains an asset account with a fund manager for funding of the obligations as they fall due. As at September 30, 2017, fair value of the plan asset stood at ₦566.5 million (September 30, 2016: ₦100.5)

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

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
	1,335,209	1,239,153	1,105,986	2,028,219
Present value of obligations (unfunded)				

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

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Balance at the beginning of the year	1,239,153	1,105,986	2,028,219	1,569,269
Charge during the year:				
Current service cost	188,196	188,562	380,003	351,645
Interest expense	178,210	155,510	246,672	216,222
	366,406	344,072	626,675	567,867
Total	1,605,559	1,450,058	2,654,894	2,137,136
Remeasurements				
Actuarial (gains)/losses – change in assumption	28,760	-	(213,972)	12,294
Actuarial losses-experience adjustment	(122,416)	(28,583)	(1,180,183)	364,795
Total	(93,656)	(28,583)	(1,394,155)	377,089
Payments from plans				
Benefits paid by employer	(176,694)	(182,322)	(154,753)	(486,006)
Total	(176,694)	(182,322)	(154,753)	(486,006)
Balance at the end of the period	1,335,209	1,239,153	1,105,986	2,028,219

b-Defined contribution scheme

The Company also makes provision in respect of defined contribution scheme as stipulated by Nigerian Pension Reform Act. The amount expensed for the year ended 30 June 2017 was ₦236 million (30 September 2016: ₦252 million).

24 **Borrowings**

Borrowings comprise the following:

Non-current

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Bank borrowings	25,246,204	30,969,189	36,814,280	41,313,348
	25,246,204	30,969,189	36,814,280	41,313,348
Current				
Bank overdrafts	37,641,668	4,911,492	20,937,186	10,275,213
Bank borrowings	10,102,020	34,065,278	7,170,440	8,259,948
Finance lease liabilities	-	-	-	-
	47,743,688	38,976,770	28,107,626	18,535161
Total borrowings	72,989,892	69,945,959	64,921,906	59,848,509

The bank borrowings are secured over the assets of the Company and as the reporting date there are no undrawn borrowing lines.

Outstanding borrowings at period end is made up of:

i) BOI-CBN intervention (1st tranche) loan balance of ₦1.93 billion out of which ₦0.38 billion is repayable within one year and ₦1.55 billion is repayable after one year. The duration of the loan is

102 months and the annual interest rate is 7%. The last repayment date of the facility is 31 March 2026.

ii) BOI-CBN intervention (2nd tranche) loan of ₦18.60 billion out of which ₦3.90 billion is repayable within one year and ₦14.70 billion is repayable after one year. The duration of the facility is 71 months and the annual interest rate is 7%. The last repayment date of the facility is 31 August 2022.

iii) BOI-CBN intervention (3rd lance) loan of N10.52 billion out of which N1.52 billion is repayable within one year and N9.00 billion is repayable after one year. The duration of the facility is 87 months and the annual interest rate is 7%. The last repayment date of this facility is 31 December 2024.

iv) Other short term loan of $3.65 million (₦1.11 billion) and ₦3.19 billion all of which are repayable within one year.

25 Trade and other payables

	30 September 2017 ₦'000	30 September 2016 ₦'000	30 September 2015 ₦'000	30 September 2014 ₦'000
Trade creditors	4,997,782	5,591,089	5,482,267	3,839,179
Interest and fees payables	98,350	1,869,906	1,572,788	1,628,953
Accrued expenses	2,914,109	6,498,165	4,802,918	3,603,832
Deposit from customers	1,525,426	3,007,383	1,160,456	279,253
Amounts due to related parties	1,745,971	1,065,020	-	-
	11,281,636	18,031,563	13,018,429	9,351,217

All trade and other payables are current

26 Related party transactions

Parent and ultimate controlling entity

Notore Chemical Industries (Mauritius) Limited is the ultimate parent of Notore Chemical Industries Plc. Notore Chemical Industries (Mauritius) Limited, the subsidiaries, Directors, close family members of the Directors and any employee who is able to exert significant influence on the operating policies the Company are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).
As at 30 September 2017, Notore Chemical Industries (Mauritius) Limited owned 77.07% of the issued share capital of the company.

The company entered into a 20 years gas supply agreement with Eroton Exploration and Production Company Limited ("Eroton"). The agreement fully operational effective from 01 March 2016 with the commencement of offtake of gas from Eroton on that date. By this agreement, Eroton became major supplier of gas to the company. The Managing Director and Chief Executive Officer of the company is also the Chairman of the Board of Eroton Exploration and Production Company Limited.

Transactions with related parties

Transactions with related parties are mainly in relation to supply of services, the exchange of goods, the provision and utilisation of financial resources, with other Notore subsidiaries or associated companies. These transactions are an integral part of the ordinary course of its business. All transactions were carried out for the mutual benefit of the parties involved. During the year, the company transacted business with related parties on terms similar such transactions entered into with third parties. The transactions during the year and year end balances with related parties are shown below:

Key Management Compensation

	30 September 2017 ₦'000	30 September 2016 ₦'000
Salaries and other emoluments	184,522	184,522

Pension	17,527	15,564
Gratuity	27,678	27,678
	------------	------------
	229,727	**227,764**

Directors's remuneration (including pension contributions) for directors of the Company charged to the profit and loss account are as follows:

	30 September 2017 ₦'000	30 September 2016 ₦'000
Fees for services as directors	277,727	281,283
Other emoluments as managemen	229,727	227,764
	------------	------------
	507,453	**509,047**
	------------	------------
Chairman	34,609	35,326
	------------	------------
The highest paid director	137,287	135,884
	------------	------------

The number of directors (excluding the chairman) whose remuneration fell within the following ranges were:

		30 September 2017 ₦'000	30 September 2016 ₦'000
₦	₦		
Above	25,000,000	2	2
Below	25,000,000	11	11
		------------	------------
		13	13
		------------	------------

i. Employee costs during the year comprise:

	30 September 2017 ₦'000	30 September 2016 ₦'000
Salaries and wages	2,667,651	2,733,844
Other employee benefits	957,970	914,639
Termination benefits	50,941	15,462
Employer's pension contribution – Defined contributions	235,608	252,302
Gratuity charge (Note 23)	366,406	344,072
	------------	------------
	4,278,576	4,260,319
	------------	------------

ii. The average number of full-time persons employed during the year (other than executive directors) was as follows:

	30 September 2017 ₦'000	30 September 2016 ₦'000
Adminstration	290	217
Technical and production	246	268
Sales and marketing	17	26
	------------	------------
	553	511

iii. Higher-paid employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration in excess of N500,000 (excluding pension contributions) in the following ranges:

		30 September 2017 ₦'000	30 September 2016 ₦'000
₦	₦		
Above	10,500,000	57	40
9,000,001	10,500,000	16	12
7,500,001	9,000,0000	19	27
6,500,001	7,500,000	51	38
5,000,001	6,500,000	62	66
3,500,001	5,000,000	59	37
2,000,001	3,500,000	74	80
500,000	2,000,000	169	191
Below	500,000	46	20
		553	511

27 Capital commitments

There were no capital expenditure contracted at the statement of financial position date but not recognized in the financial statements.

28. Contingent liabilities

The Company is currently involved in various legal proceedings as at 30 September 2017. Of the 21 (twenty-one) suits that the company is involved in, the company is a sole defendant in 16 (sixteen) of the pending suits and co-defendant in 5 (five) suits. The total aggregate claims by all claimants in all these lawsuits as of the reporting date is ₦6,512,108,866 (as of 30 September 2016, the figure was ₦25.693 trillion). The drop in the total liabilities in the current year from what it was in the previous year resulted from the striking out by Federal High Court, Abuja, of Suit No: FHC/ABJ/CS/107/14 (Chief Francis Amasi-Tito & Ors vs. Notore & 3 Ors.) in which the claimants claimed the sum of ₦25,689,950,500,000 against all defendants namely: the President of the Federal Republic of Nigeria, the Govenor of Rivers State, the Director-General of Bureau of Public Enterprises and Notore Chemical Industries Ltd. The directors believe, based on legal advice that no significant loss will eventuate on the part of the Notore from all these suits (i.e. cases co-defending and cases soley defending), hence, no provision has been made in the accounts for these claims.

29 Events after the statement of financial position date

The company was on 4 December 2017 granted a license by the Oil and Gas Free Zones Authority as a Free Zone Developer in the Oil and Gas Zone, Onnes, Rivers State of Nigeria. By this license, the company's entire land area (558.623 Hectares) is now designated an Oil and Gas Free Zone area, while the Company's fertilizer plant located within this Free Zone area will now be deemed a business operating withjin the Oil and Gas Free Zone, Onne.

30 Going Concern

The consolidated financial statements are prepared using IFRSs that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they fall due.
The group and company recorded net losses after tax of ₦2.15 billion (2016: ₦11.84 billion) and ₦2.08 billion (2016: ₦11.84 billion) respectively during the year ended 30 September 2017 and the net current liabilities as of that date were ₦51.78 billion (2016: ₦50.77 billion) and ₦52.50 billion (2016: ₦51.56 billion) respectively.

These circumstances cast doubt about the ability of the group and company to meet their obligations as they fall due and accordingly, the appropriateness of the use of the accounting policies applicable to a going concern.

As part of measures to improve working capital and return the group and the company to profitability, management took the followings steps:

1. Restructuring of the company's short-term loans and past due loan obligations totaling ₦41.94 billion as at 30th September 2017 into fixed long-term loans with varying maturities ranging between five and seven years. In addition, most of this will be subject to a 12 month moratorium on principal repayments with more favourable repayment terms. This will reduce significantly the current liabilities and free up significant cash flows that will augment working capital.

2. Raising of fresh USD40 million seven year Term Loan facility from the African Export-Import Bank (Afreximbank). The directors plan to utilize the proceeds of the Afreximbank term loan for essential capital asset investments such as scheduled turn-around maintenance of production facilities, rehabilitation of the 25MW back-up gas turbine and procurement of critical spares for the production plant. Preliminary approval of this loan has been received from Afreximbank and the Directors are confindent that the loan arrangement will be finalized successfully before the end of first Quarter of 2018.

On successful completion of the turnaround maintenance, it is anticipated that the company's capacity utilization will increase to 95% from the current 75%, leading to significant increases in future revenues and cash flows.

Based on the foregoing, the directors are confident that the group and the company would be in a position to settle their obligations in the normal course of business and consider it appropriate to prepare the consolidated financial statements on the basis of accounting policies applicable to a going concern.

An inability to raise additional financing or to return to profitability will impact the future assessment of the group and the company as a going concern. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities or the classifications that would be necessary if the group and the company were unable to realise their assets and settle their liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Incorporation and Share Capital History

Notore Chemical Industries Plc (previously called O-Secul Fertilizer Company Limited) was incorporated on 30 November 2005 with registration number RC 640303. A change of name was effected by a special resolution dated 25 May 2006 and filed 5 June 2006 at the CAC. The Company became a public company on May 19, 2014.

The Company further increased its share capital from ₦15,000,000 to ₦150,000,000 by the creation of an additional 135,000,000 Ordinary Shares of ₦1.00 each by a resolution of the company and Notice of Increase dated 9 July 2008 and filed 16 October 2008 at the CAC and by a resolution of the Company and Notice of increase dated 31 March 2010 and filed at the CAC on 21 May 2012, the Company further increased its share capital to ₦200,000,000 by the creation of 50,000,000 ordinary shares of ₦1.00 each.

As at the date of this Memorandum, the authorised share capital of the Company is currently ₦1,000,000,000 comprising of 2,000,000,000 ordinary shares of 50 Kobo each, out of which 1,612,066,200 have been issued and fully paid. The most recent increase to the authorised share capital of the Company was as a result of the capital restructuring pursuant to a resolution of the Company dated 11th November, 2014 and filed at the Corporate Affairs Commission ("CAC").

The changes in the Company's authorized share and paid-up capital since incorporation are summarized below:

Year	Authorized (₦'000)		Issued and Fully Paid-up (₦'000)		Consideration
	Increase	Cumulative	Increase	Cumulative	
2005	14,000,000	15,000,000	-	-	-
2006	-	15,000,000		15,000,000	Cash
2008	135,000,000	150,000,000	-	15,000,000	-
2009	-	150,000,000	105,000,000	120,000,000	Cash
2009	-	150,000,000	16,000,000	136,000,000	Cash
2010	50,000,000	200,000,000	20,370,370	156,370,370	Cash
2014	-	200,000,000	4,836,250	161,206,620	Employee Stock Option
2014	800,000,000	1,000,000,000	644,826,480	806,033,100	Bonus Issue
2014	-	1,000,000,000	806,033,100	1,612,066,200	Stock split from ₦1.00 to ₦0.50 nominal value per share

Shareholding Structure

- As at the date of this Memorandum, the 1,612,066,200 ordinary shares of 50 kobo each in the issued share capital of the Company were beneficially held as follows:

Shareholder	No of Ord. Shares Held	% Holding
Notore Chemical Industries (Mauritius) Limited	1,242,400,000	77.07
Africa Finance Corporation	79,048,000	4.90
TY Holdings Limited	129,629,630	8.04
NPK Investments Limited	74,074,070	4.60
Engr. Mike Orugbo	34,333,330	2.13
Okmine Global Services Limited	4,218,670	0.26
Employee Stock Option Plan	48,362,500	3.00
Total	**1,612,066,200**	**100.00**

Directors' Beneficial Interests

As at the date of this Memorandum, Directors holdings were as follows:

S/N	Directors	Direct Shareholdings	Indirect Shareholding[9]	Total % holding
1.	Mr. Onajite Okoloko	-	400,308,279	24.832%
2.	Mr. Mike Osime	-	25,309,439	1.57%
3.	Mr. Richard Herb	-	25,309,439	1.57%
4.	Engr. Mike Orugbo	34,333,330	-	2.13%

Save for the directors listed above, no other director has a holding (direct or indirect)

Indebtedness

As at 30th September 2017, the Company had bank facilities in the ordinary course of business amounting to ₦72,989,892,000.00 .

[9] Onajite Okoloko shareholdings is held via Notore Chemical Industries (Mauritius) Limited (24.57%) and Okmine Global Services Limited (0.262%). Mr. Richard Herb & Mr. Mike Osime both indirectly hold shares in Notore Chemicals Industries Plc via Notore Chemical Industries (Mauritius) Limited

Subsidiaries and Associate Companies

The summarised details of the Company's subsidiaries at the date of this Memorandum are set out below:

Name	Registration Number	Date and Place of Incorporation	Principal Business	Number of ordinary shares in issue	Shareholding	Effective date of becoming a subsidiary
Notore Power Limited	701715	1st of August 2007. Nigeria	Generation and supply of electric power to Notore Chemical Industries	10,000,000	99%	Date of incorporation
Notore Seeds Limited	825036	18th of June 2009. Nigeria	Production of agricultural seeds	10,000,000	99%	Date of incorporation
Notore Supply & Trading Mauritius limited	121193 c2/gbl	20th February 2014 in the republic of Mauritius	Trading in fertilisers including urea, ammonia, npk, dap and ufc-85	1,300 Ordinary Shares of US$1.00 each	99%	Date of incorporation
Notore Foods Limited	825037	18th of June 2009. Nigeria	Farming	10,000,000	99%	Date of incorporation
Notore Industrial City Limited	1373698	11th Novermber, 2016. Nigeria	Developing, Constructing and operating industrial parks	10,000,000	99%	Date of incorporation

Corporate Governance

The Company is committed to high standards of corporate governance. The Company recognises the valuable contribution that good corporate governance practice can make to long-term business prosperity and to ensuring accountability to its shareholders. The Company is managed in a way that maximises long-term shareholder value and takes into account the interests of all of its stakeholders.

The Company believes that full disclosure and transparency in its operations are in the interests of good governance. The business adopts standard accounting practices and ensures sound internal controls to facilitate the reliability of the financial statements.

The Company is in compliance with the requirements of the Nigerian corporate governance standards through its compliance with the principles under the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria (the "Corporate Governance Code").

The Board

The Company is led and controlled by the Board. The Board is responsible for setting the Company's strategic direction, for leading and controlling the Company and for monitoring activities of the executive management. The Board presents a balanced and understandable assessment of the Company's progress and prospects.

Responsibility of the Board

The Company is fully compliant with all the duties and responsibilities stated under Parts A, B and C of the Corporate Governance Code.

Composition of the Board

The Board consists of the Non-Executive Chairman, 11 Non-Executive Directors and 2 Executive Directors. The Non-Executive Directors are independent of management and free from any constraints that could materially interfere with the exercise of their independent judgement. They have experience and knowledge of the industry, markets, financial and/or other business information to make a valuable contribution to the company's progress.

The Board believes that it has sufficient members to contain a balance of experience and skills. The Board includes a balance of Executive and Non-Executive Directors such that no individual, or group of individuals, can dominate the Board's decision making. No one individual has unfettered powers of decision.

The composition of the Board and the balance between Executive and Non-Executive Directors will remain under review.

Chairman and Chief Executive Officer roles

Responsibilities at the top of the Company are well defined and the Board is not dominated by one individual. The Chief Executive Officer is a separate individual from the Chairman and he implements the management strategies and policies adopted by the Board. The Chairman is not involved in the day to day operations of the Group.

Proceedings and Frequency of Meetings

The Board meets regularly (at least once every quarter). A clear agenda and relevant reports and board papers are given ahead of each meeting. All Directors have access to the Company Secretary who can only be appointed or removed by the Board and is also responsible to the Board.

Non-Executive Directors

The Company's Non-Executive Directors are of strong calibre and contribute actively to Board deliberations and decision-making. Non-Executive Directors are not appointed for a fixed period, but instead remain in office until the Company determines their tenure or by operation of law.

Shareholders' Rights and Privileges

The Directors ensure that shareholders' statutory and general rights are protected at all times. Shareholders are responsible for electing the Directors at Annual General Meetings for which at least notice of 21 working days have been given before the meeting. Shareholders holding at least 10 per cent of the equity can be represented on the Board.

Board Committees

The Board has established an audit committee, a finance committee, a remuneration and compensation committee, a technical committee and a tenders and procurement committee and determines the extent to which its duties and responsibilities are undertaken through the committees. The Board keeps the membership of committees under review to ensure gradual refreshing of skills and experience. The Board is satisfied that all Directors have sufficient time to devote to their roles and that it is not placing undue reliance on key individuals.

Audit Committee

The Group has set up an Audit Committee in line with its status as a public limited liability company. The Audit Commitee is in compliance with the CAMA requirements. The committee is chaired by Chief Odoliyi Lolomari and its other members are Mr. Mike Orugbo JP, Mr. Michael Jansa, Mr. Ike Osakwe, Mr. Hassan H. Badrawi, Mr. Geoffroy Dedieu and Mr. Femi Agbaje. The audit committee meets at least four times in a year or as otherwise determined by the Board.

Finance Committee

The finance committee (the “Finance Committee”) is chaired by Mr. Mike Osime and its other members are Engr. Mike Orugbo, Mr. Mike Jansa, Mr. Bashir Lebada, Mr. Bernard Longe and Mr. Onajite Okoloko.

The Finance Committee meets at least four times in a year or as otherwise determined by the Board and has the responsibility for ensuring regular and accurate monitoring and accountability for funds, reviewing accounting policies and assessing the performance of financial management. The Finance Committee is also charged with the responsibility of reviewing the annual budget of the Company.

The Finance Committee also considers any appropriate matters relating to the financial affairs of the Group and the Group’s external audit. In addition, the Finance Committee examines any other matters referred to it by the Board.

Remuneration and Compensation Committee

The remuneration and compensation committee (the “Remuneration Committee”) is chaired by Mr. Ike Osakwe and its other members are Mr. Mike Osime, Mr. Bashir Lebada, Mr. Mike Jansa and Mr. Onajite Okoloko.

The Remuneration Committee meets at least twice a year or as required and has responsibility for making recommendations to the Board on the Group’s policy on remuneration of Executive Directors and Senior Management as designated, as well as specific remuneration packages, including pension rights, share options and incentives and any compensation payments.

The Remuneration Committee’s responsibilities include the review of policies relating to employee share and option plans and the adequacy of professional indemnity of directors and officers liability insurance.

Technical Committee

The technical committee (the “Technical Committee”) is chaired by Engr. Mike Orugbo, and its other members are Chief Odoliyi Lolomari, Mr. Mike Jansa, Mr. Bashir Lebada, and Mr. Geoffroy Dedieu.

The Technical Committee meets not less than four times a year and has the responsibility for advising the Board on all project proposals, recommending approval and providing technical support where applicable, on projects being undertaken by the Company. In addition to assisting the Board members to understand and respond to the changing regulatory and business environment, the Technical Committee ensures that the technical standards being used by the Group are based on international best practices, guidelines and documents.

The Technical Committee encourages the development of maintenance, technical and administrative standards for the improvement of safety and efficiency at the Group Factory(ies).

Tenders and Procurement Committee

The tenders and procurement committee (the "Tenders and Procurement Committee") is chaired by Mr. Bernard Longe. Other members of the Committee are Mr. Mike Osime, Mr. Hassan Badrawi, Mr. Ike Osakwe, and Mr. Mike Jansa.

The terms of reference of the Tenders and Procurement Committee is primarily to review and approve the Group's procurement policies as recommended by management, guarantee that the policies set out the mandatory requirements and best practice procedures and ensure that the Company's principles regarding procurement, as outlined in the procurement policy, are followed and adhered to. This is to ensure transparency and an auditable process.

In addition, from time to time, and as required, if internal audit raises issues, the Tenders and Procurement Committee meets to review the issues, and if need be, review the process to ensure conformity.

The Tenders and Procurement Committee will ensure that the Company's procurement system is equitable, transparent, competitive and cost effective.

The Tenders and Procurement Committee is scheduled to meet at least twice in a calendar year, and as required.

Code of Business Ethics

The Group is committed to conducting all of its activities with utmost professionalism and integrity by ensuring it is in compliance with all applicable laws, appropriately manages any conflicts of interest arising from time to time, is conscious of environmental issues and strives to protect the environment, ensuring the reliability of its financial reporting, and putting in place systems and controls to avoid bribery and eliminate the potential for illegal practices.

To this end, the Group has developed a Code of Conduct and Business Ethics, which it has communicated to its employees, and with which it regularly monitors compliance.

Potential Conflicts of Interest

None of the Directors or Senior Management has any conflicts of interest between their duties to the Company and their private interests or other duties that has not been disclosed to the Board of the Company.

The Group plans to implement the following recommendations, which are aimed at strengthening the Group's corporate governance around financial reporting:

- establish an appropriate financial control management policy framework aligned to business requirements and operating context; and
- establish a formal scheme of delegation that is regularly reviewed with effective systems in place to ensure compliance with these delegations.

Claims and Litigation

Notore is currently involved as a party in different capacities in a number of court cases. There are currently 21 cases pending against Notore with the contingent liabilities emanating from such suits as at the 30 November 2017 amounting to ₦806,431,437 (Eight Hundred and Six Million, Four Hundred and Thirty-One Thousand, Four Hundred and Thirty Seven Naira) and US$10,640,000.00 (Ten Million, Six Hundred and Forty Thousand United States Dollars). The major reliefs claimed include general damges, special damages and declarations.

These actions are at various stages before various courts and a vast majority of the cases are still at the preliminary stages as the parties are currently exploring out of court settlement options. Majority of the causes of action focus on employment disputes such as unlawful dismissal and refusal to pay termination benefits. Other causes of action include enforcement of jugdment (garnishee proceedings), declaration of title, unlawful seizure, debt recovery and breach of contract.

In our opinion, it is unlikely that the entire claims for general damages and compensatory reliefs in these cases will be successful. This is because the courts tend to award nominal general damages. However, it has to be said that collectively, the sum total of the individual cases, if successful, may create some potential financial obligations for Notore In any event, the courts are proactive in directing parties to explore out of court settlement options such as mediation and this seems to be the common approach in 9 out of the 21 cases.

Since time is of the essence to this listing, it is important that a projection of the ultimate conclusion of these cases is contextualised. Typically, it takes anywhere between six (6) to twelve (12) years, or more, to finalise the adjudicatory process from trial court to Supreme Court. In effect, from a time standpoint, any probable contingencies from the cases against Notore are not likely to impact Notore or the listing. This however does not diminish or preclude the ability of these courts to grant preservative or coercive injunctive orders pending an ultimate outcome of litigation.

As identified earlier, this is however unlikely considering a combination of the dynamics of the current judicial attitude to the award of general damages, the nature of the cases, and the time component in litigation.

The Company's directors are also of the opinion that the cases mentioned above are not likely to have any material adverse effect on the Company and/or the listing, and are not aware of any other material pending and or thereatened claims or litigation involving the Company.

Material Contracts

The following agreements have been entered into by Notore Chemical Industries Plc and are considered material to the Offer:

1. Lagos office lease Agreement between Notore Chemical Industries Plc and Keystone Bank Plc dated the 1st of April 2016.

2. Lagos office lease Agreement between Notore Chemical Industries Plc and Keystone Bank Plc dated the 1st of April 2017.

3. Abuja office lease Agreement including an addendum between Notore Chemical Industries Plc and Total E&P Nigeria Ltd dated the 1st of February 2017.

4. Vehicle lease Agreement between Notore Chemical Industries Plc and Neutrans International Ltd dated the 24th August 2017.

5. NAV Agreement between Notore Chemical Industries Plc and Gem Consulting Ltd dated the 19th of May 2017.

6. Manpower outsourcing management Agreement between Notore Chemical Industries Plc and Wider Perspective Ltd dated the 25th of November 2016.

7. Cooling water treatment services Agreement between Notore Chemical Industries Plc and Blue Seal Water and Process Treatment Company dated the 1st of June 2015 to 31st May 2017.

8. Bulk store roof Agreement between Notore Chemical Industries Plc and MYK Engineering and Maintenance Ltd dated the 25th of August 2017.

9. Manpower outsourcing & management Agreement between Notore Chemical Industries Plc and Wider Perspectives dated the 20th of November 2017.

10. Fabrication and sale of an NPK Plant Agreement between Notore Chemical Industries Plc and Yargus Ag Growth International dated the 22nd of December 2017.

11. Memorandum of understanding for the supply of Muriate of Potash (MOP) to Notore between Notore Chemical Industries Plc and Uralkali Trading SIA dated the 31st of Janaury 2018.

Consents

The following parties have given and have not withdrawn their written consents to act as parties to the Listing with their names included, in the form and context in which they appear:

The Directors and Company Secretary of Notore Chemical industries Plc whose names appear on pages

Lead Financial Adviser	FBNQuest Merchant Bank Limited
Joint Financial Adviser	Vetiva Capital Management Limited
Solicitors to the Company	Templars
Solicitors to the Listing	Banwo & Ighodalo
Stockbrokers to the Listing	FBNQuest Securities Limited
	Vetiva Securities Limited
Auditors	PricewaterhouseCoopers
Registrars	DataMax Registrars Limited