FLOUR MILLS PLC

2019 ANNUAL REPORT & ACCOUNTS

SHAPING *The* FUTURE


HONEYWELL
FLOUR MILLS PLC
HONEYWELL
Superfine Flour
Net Wt. 50kg
NAFDAC Reg No.: 01-3995
HONEYWELL
Bakers' Delight Flour
NAFDAC Reg No.: 08-6584
HONEYWELL
Brown Flour
...for baker's progress

CONTENTS

Who We Are

OUR DIRECTIONAL BEACONS

HONEYWELL FLOUR MILLS PLC

MISSION

To produce consistently good quality flour and other wheat based products for the complete satisfaction of our highly valued customers, through the commitment of our well-motivated workforce.

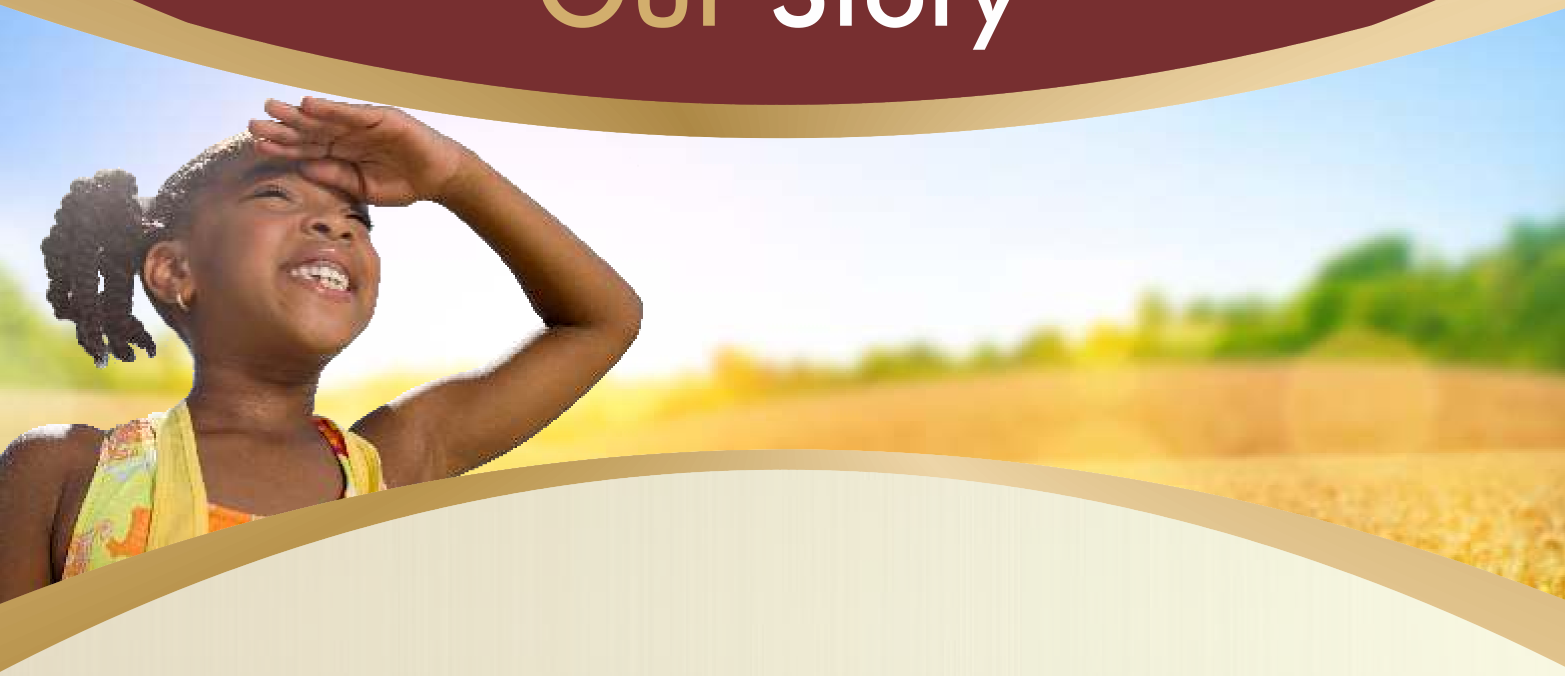
VISION

To be the most admired African company in terms of our successes, practices and people.

CORE VALUES

Responsibility beyond ourselves
Integrity
Courage
Excellence
Respect for the individual

Our Story



Honeywell Flour Mills Plc. commenced commercial operations in July, 1998 with a single 200MT/day flour mill in Apapa, Lagos. Our entry into the flour milling industry revolutionized the bread flour market by raising the bar on the quality of bread flour that bakers had access to. Through consistent delivery of premium quality bread flour, we earned the trust of bakers as they became confident that every bag of Honeywell Superfine Flour would ensure the satisfaction of their customers and provide guaranteed earnings for a day's work.

Today, in response to consumer demand, we have grown our production capacity over ten-fold across three sites and extended our trademark quality beyond bread flour and bakeries into the kitchens, restaurants and hearts of millions of consumers providing them with other nourishing food staples from the house of Honeywell, including:

Pasta – **Honeywell Spaghetti and Honeywell Macaroni**
Instant Noodles – **Honeywell Noodles**
Ball Foods – **Honeywell Semolina and Honeywell Wheat Meal**

But our purpose goes beyond providing nourishing food. At our core, is a desire to contribute to the development of human endeavour and the wealth of nations by empowering people to conquer hunger and reach for more.

Today, we provide a means of livelihood to thousands of employees, trade channel partners and other third party suppliers. Our next chapter involves working with local smallholder farmers to add value to their grain and tuber harvests by transforming their produce from unearthed raw material state to branded shelf stable food products.

PRODUCTS

Honeywell Flour Mills produces a wide range of superior quality products for the complete satisfaction of its highly esteemed customers/consumers.

These products include:

Flour:

Honeywell Superfine Flour, Honeywell Brown Flour, Honeywell Bakers' Delight and Honeywell Pastry Flour used mainly for baking. The Superfine Flour brand was launched in July 1998 and has since carved a niche for itself through consistent superior quality improvement. The company provides efficient customer service, excellent training and support for bakers across Nigeria.

Honeywell Semolina:

This is a wheat-based ball food that is easy to prepare, smooth to eat and enjoyed with any kind of soup. The brand launched in 2006 set new quality standards for semolina, which it has maintained since its introduction and this is evident in its continued increased demand and preference by consumers. The brand packaging is distinct and stands out on the shelf.

Honeywell Wheat Meal:

This was launched into the market in 2009. At that time, this category was largely underdeveloped and unpopular. The company has continued to invest in heavy marketing and sales support to develop and grow this category and to make it acceptable to all consumer segments. The brand goes well with any soup, is easy to prepare, hygienically packed and a healthier way to enjoy ball food. It is good for everyone irrespective of social status.

Honeywell Pasta:

This is made from the finest quality wheat semolina. The brand which was launched in 2009 is well known to consumers for its superior quality and stands out on the shelf with it is attractive packaging.

Honeywell Noodles:

This is made from fine quality flour and comes in the following variants: Chicken, and Onion Chicken flavours. Honeywell Noodles are a consumer delight. The brand packaging is distinct and stands out on the shelf. Honeywell Noodles was launched in 2007 into the Nigerian market.

In line with NAFDAC and SON requirements, all our brands are fortified with vitamin A and other essential minerals that are good for the body.

All our brands are rated among the top four in their different categories with respect to market share, top-of- mind awareness and consumer usage.

We Create Value

MESSAGE FROM OUR CHAIRMAN

Dr. Oba Otudeko, CFR
CHAIRMAN

Chairman's Address

Dear Shareholders, fellow Board Members, ladies and gentlemen, I warmly welcome you all to the 10th Annual General Meeting (AGM) of your company, Honeywell Flour Mills Plc and to present to you the annual accounts for FY 2018/19.

For over 2 decades, your Company has satisfied the nutritional needs of millions of Nigerians by providing high quality, nutritious and healthy food products that enhance the quality of life of our consumers. In the financial year ended March 2019, we provided nourishment to over 4 million households in Nigeria through our portfolio of branded consumer food products. However, our purpose goes beyond providing nourishing food. At our core, is a desire to continue to contribute to human development in Nigeria and the wealth of our nation by empowering individuals to overcome hunger whilst gaining energy to be productive.

Nowadays, we play in an industry that is witnessing significant change and disruption. While the situation may be challenging, these changes portend immense opportunities for companies who, through innovation, deep consumer knowledge and engagement, offer products that meet customers and consumers' changing preferences. To this end, we are confident that the execution of our strategy will position us to capture new and emerging growth opportunities.

Strategy Execution

Our strategic vision was conceived and has been in place for some years already, whereby we identified 5 core areas of focus of which we are determined to raise our achievements through 3 key drivers of performance: **GROWTH**, **EFFICIENCY and CAPABILITY**

Growth

Honeywell Flour Mills Plc (HFMP) remains resolutely focused on real volume growth and we are committed to entrenching ourselves in the markets where we currently operate. We are equally committed to capturing new markets throughout Nigeria. In spite of the peculiar challenges in the flour milling industry largely occasioned by aggressive competitive activities, higher input costs that could not be passed on to customers, and increasing difficulty of evacuating products from the company's flour milling plant located within the Tin-Can Island Port, Apapa, due to the traffic gridlock that has persisted for over a year, your company was able to grow its revenue performance and production volumes. In the year under review, revenues increased by 4% while the B2B segment recorded a double-digit growth, achieving the highest sales volume in the last three financial years. The growth in the B2B segment was driven by the superior performances of our newly introduced Honeywell Bakers' Delight Flour; and Honeywell Pastry Flour.

In keeping with our objective of making investments that will shape the future and ensuring your company's continued success, I am delighted to inform you that we have now commenced full commercial pasta production from our Foods and Agro-allied Complex in Sagamu, Ogun State. This additional capacity which increases our pasta production capacity by 165% will enable us satisfy the increasing demand for pasta and create a portfolio of products that addresses most of the different segments of the pasta market. We expect that the sales of increased volumes of pasta will enhance the revenues of the business, thereby improving the operating profit in the coming years.

The commissioning of the Sagamu factory reinforces our mission to provide nourishing food to Nigerians and to contribute to human development as economic activities in the area have received a boost since commencement of operations, and a good number of locals have been recruited to work in the factory. The Pasta factory is a world class facility and is the first of many of such developments to be located in the integrated complex, and given the investment involved, it provides a platform for our mid-term strategic agric-integration agenda.

Efficiency

Efficiency in any business in Nigeria is a critical determinant of superior performance. During the last 3 years we have progressively focused on Continuous Improvement (CI) in all aspects of our operational activity. Our CI team have made effectiveness and performance monitoring a culture as we are consistently looking out for new ways to continuously improve operational efficiency. This strategic intent is measured by the objective to drive down the unit cost of our production without compromising quality or service delivery standards. Capacity utilisation plays a vital role in this respect and our utilisation for the period under review was above industry average.

As I mentioned at the AGM last year, we have now re-configured our supply chain infrastructure in the bid to increase efficiency with regard to supply of wheat, freight cost management, wheat discharge and lay time administration. As you are well aware, non-availability of products means dissatisfied customers and poor financial performance over the long term. We have successfully improved our product delivery time. For instance, we have achieved an average of 3.28 days for outstation customers despite the challenges induced by the Apapa traffic gridlock.

Efficient financial management reduces misallocation of economic resources and is important, as we maximise our chances of generating sustained economic growth and prosperity. Working with our banking partners, we were able to restructure our borrowings to longer tenured loans at reduced interest rates, leading to a 28% reduction in our overall finance costs. Your company also achieved significant savings by settling more than 95% of all liquidated LCs through the official forex window.

Following business reviews two years ago, we concluded plans that cut back on the import of edible raw materials. We have completed the first phase of implementation by replacing much of our imported Noodle seasonings with locally produced inputs. We are committed to aggressively pursuing this objective and I look forward to sharing our successes with you in the nearest future.

Capability

Developing our organsiational capabilities will confer further competitive advantage on current and future business operations, in the face of today's challenging business environment.

We have increased our capability and measurement of external market trends, and we regularly collate consumer and customer insights to better develop category and brand strategies. Our strategy focuses on investing in markets and segments, which we identify as attractive because we are confident that we can secure profitable growth or build further competitive advantage.

We continue to benefit from a highly-skilled and engaged workforce, who range from people with years of experience to young, dynamic talents with fresh ideas. Our company will continue to improve the quality of our bench by exposing our management and staff to latest developments in their respective fields and providing them platforms to creatively express themselves. During the year, we made a number of managerial appointments to complement our existing talent base. We are also future proofing the capital value of the business by implementing a robust succession plan that encompasses transfer of responsibility and knowledge to the next generation of management or ownership of key business processes and responsibilities.

The digital transformation of the company also continues apace. We have completed the upgrade of our Enterprise Resource Planning (ERP) software in order to take advantage of the opportunities it presents both in terms of growth, efficiency and cost savings.

Sharing Our Success

Businesses and communities depend on each other for support and to create a flourishing, stable and sustainable society. In order to create shared value, we have a long-standing commitment to communities where we operate in. Our commitment is to reach out beyond our business to affect lives in positive ways.

We further entrenched this commitment in the last 12 months by continuing our annual donation of products and gifts to orphanages and to the Home for the Blind. Recognizing the need to positively harness the energy and curiosity of our youth, we sponsored a youth-focused sports event in Lagos and continued to provide manufacturing process exposure to school children across grade levels. We also continued to partner with the Federal Road Safety Corps (FRSC) to educate and promote the need for safe driving particularly during festive periods. Your company continues to enhance the knowledge and expertise of bakers through formal and informal training at our baking school as well as baking seminars around the country to expose them to more efficient baking methods and skills that will improve their business overall. Testimonies abound on the impact this training has had on the businesses of SMEs in the baking business.

Changes to the Board

As I have always emphasised, corporate governance is of utmost priority and the Board of Directors is the primary direct stakeholder influencing corporate governance. The structure of the Board is also important in ensuring that the expected level of corporate governance is maintained.

We saw a number of changes to the Board during the financial year ending March 2019, with Lt. General Garba Duba (rtd) and Mr. Rotimi Fadipe resigning from the Board effective 19th September 2018 and 14th of

March 2019 respectively to pursue other interests. On behalf of other Directors and the company, I thank them for their contributions to the development of Honeywell Flour Mills while they were with us.

Appointment of Auditor

Pursuant to provisions of Companies and Allied Matters Act, the need to strengthen corporate governance, promote transparency, and integrity in business, BBC Professionals, who have held office as the independent auditor of the company since 2009, will retire as the auditor of your Company with effect from the conclusion of this AGM.

Following the completion of a competitive tender process, I am pleased to announce that the Board has resolved, with recommendation from the Audit Committee, to propose an ordinary resolution at this AGM to approve the appointment of Bakertilly as the auditor of Honeywell Flour Mills Plc. from the conclusion of this AGM. This proposed appointment is subject to the approval of you, esteemed shareholders of the Company.

Bakertilly is a full-service accounting and advisory firm that offers industry specialised services in assurance, tax and advisory. The firm is a member of Bakertilly International, which was founded over 100 years ago, and is a reputed World-wide association of independent regional accounting and advisory firms with over 580 offices in more than 110 countries.

The Board will like to take this opportunity to express its sincere gratitude to Messrs. BBC Professionals for their professionalism and quality services rendered to Honeywell Flour Mills Plc in the past years.

Outlook

My conviction that ours is a company of the future, is borne out of the knowledge that we are making significant investments in organic growth and expansion that is central to meeting the expectations of our growing customer base and securing future earnings. We will continue to innovate and renovate our products so that they meet and exceed our consumers' expectations and also increase market share. We will also leverage our expertise in research and development to introduce to the market healthier products tailored to consumers' tastes, nutritional needs and spending power. The strength of our customer relationship underpins our ability to offer competitive trade terms at all times. Therefore, we are jointly developing business plans with our key customers to reinforce our partnerships and to find new ways to further improve their growth and development as we enhance our relationship with them. We are fully aware that their success is our success in partnership together. We remain committed to delivering on our 2019/2020 objectives and create shareholders' value.

On behalf of the Board, I would like to express deep gratitude to all our shareholders, customers, consumers, our dedicated staff and various partners for your unwavering support and commitment to Honeywell Flour Mills Plc during the year.

Dr. Oba Otudeko, CFR
CHAIRMAN


HONEYWELL
PASTA
HONEYWELL
SPAGHETTI
500g
HONEYWELL
SPAGHETTI
SLIM
HONEYWELL
SPAGHETTI
Mini
NET WEIGHT
225g
Butta la Pasta !
...Honeywell Pasta
HONEYWELL
FLOUR MILLS PLC

GOVERNANCE

Leadership

Chairman's Profile

Board Members Profile

Corporate Governance

Corporate Governance

Committees

Policies

Auditor Profile

Impacting Our Community

Events and Donations

BOARD OF

DIRECTORS

LEADERSHIP PROFILES

Dr. Ayoola Oba Otudeko, CFR
Chairman / Founder

Dr. Oba Otudeko, CFR is the Founder and Chairman of Honeywell Flour Mills Plc, Honeywell Group and also Chairman, FBN Holdings Plc. He is a foremost Nigerian entrepreneur and visionary reputed for his highly successful domestic and foreign investments that cut across diverse sectors of the economy. He served on the board of First Bank between May, 1997 and December, 2010 and retired as Chairman. He was also the Chairman of FBN Bank (UK) Limited, Fan Milk of Nigeria Plc, and Airtel Nigeria.

He has, at various times, served on the Boards of the Central Bank of Nigeria (1990 – 1997), Guinness Nigeria Plc (1999 – 2003), British American Tobacco Ltd (2001 – 2004) and Ecobank Transnational Incorporated, headquartered in Lome, Togo (2002 – 2010).

Between September 2006 and August 2009, he was the 16th President and Chairman of Council of the Nigerian Stock Exchange.
Professionally, he is a Chartered Banker, Chartered Accountant and Chartered Corporate Secretary. Dr. Oba Otudeko has also attended executive management training programmes at the International Institute for Management Development (IMD), Lausanne, Switzerland; Harvard Business School, Boston, U.S.A; and then Arthur D. Little School of Management, U.S.A.

Dr. Oba Otudeko holds the Nigerian National Honour of Commander of the Order of the Federal Republic (CFR), awarded in 2011.

He was Chancellor of the Olabisi Onabanjo University, Ago-Iwoye, Ogun State from 2001 to 2010 and currently serves as a member of the Office of Distinguished Friends of the London Business School (UK). Dr. Oba Otudeko is the founder of Oba Otudeko Foundation (OOF), a platform for his charity interventions.

HONEYWELL FLOUR MILLS PLC

Mr. Olanrewaju Jaiyeola
Managing Director

Lanre holds a Bachelors degree in Mathematics and Statistics from the University of Ife, Nigeria (now Obafemi Awolowo University) and an MBA in Finance from the University of Lagos. He is a chartered Accountant; an Associate of the Institute of Chartered Accountants of Nigeria. He is also an alumni of the Lagos Business School, Nigeria and INSEAD, business school, France.

Lanre started his career with Akintola Williams & Co. (now Akintola Williams Deloitte) where he trained as an Auditor and later worked in the service industry before joining the Honeywell Group in September 1995. His career and business management experience in the company spans finance, sales management and manufacturing management.

He is the current Vice Chairman of the Flour Millers Association of Nigeria.

Dr. Nino Albert Ozara
Executive Director, Manufacturing

Dr Albert Ozara, is the Executive Director Manufacturing. He is currently responsible for manufacturing of all the company's products.

Albert joined the Company in 1998 from the Federal University of Technology, Owerri where he had risen to the position of Head of the Crop Production Department. He holds a First Class degree in Soil Science from the University of Ibadan, and a Doctorate degree also in Soil Science from the Cranfield Institute of Technology, United Kingdom. He subsequently had his professional flour milling training at the Swiss Milling School, St. Gallen, Switzerland and the Buhler Training Centre Uzwil also in Switzerland. He also had milling operations experience at the Swiss Mill in Zurich.

Mr. Obafemi Otudeko
Non-Executive Director

Mr. Obafemi Otudeko is a chartered accountant by training and is the Executive Director of Honeywell Group Limited, the company responsible for managing the operating companies and portfolio investments within the Honeywell Group. He joined the Honeywell Group in 2003 as a Senior Manager in the Oil & Gas projects group, and was responsible for strategy formulation and business development in the upstream energy sector. Prior to joining the Group, he was a Senior Associate in the Financial Services Industry practice of Pricewaterhouse Coopers.

Since joining Honeywell Group Limited, he has led a number of strategic initiatives ranging from capital raising, including the successful listing of Honeywell Flour Mills Plc on the Nigerian Stock Exchange; Greenfield developments across various sectors; acquisitions and divestments of strategic investments, amongst other initiatives.

He is also a Director of First Bank of Nigeria Limited, and previously served on the board of Airtel Nigeria Limited as a Non-Executive Director. He was also the former Second Vice-President of the Nigerian Gas Association.

Mr. Alan Palmer
Non-Executive Director

Mr. Alan Palmer was Managing Director and CEO of Kraft West Africa and Cadbury Nigeria PLC. He was previously the Managing Director, South-East Asia for Cadbury Schweppes PLC.

Mr. Palmer has close to 40 years of experience in the fast moving consumer goods (FMCG) space working with global organisations such as Kraft Foods Incorporated, Cadbury PLC and Trebor Bassett Limited. Alan Palmer is presently CEO Foods, Honeywell Group where he has primary responsibility for managing the transformation of the Honeywell Foods Business into a leading, World-class, pan-African foods FMCG company.

Mr. Andrew Smith-Maxwell
Non-Executive Director

Mr. Andrew Smith-Maxwell has over 25 years of global investment banking experience from some of the World's leading Investment banks.

He is Chairman of Fieldstone Private Capital Group, a boutique investment bank specialising in power and infrastructure projects across Africa. Prior to that, he led and built up the Energy and Utilities Group at Dresdner Kleinwort Wasserstein, an erstwhile British-based investment bank which is now a member of the global banking group, Commerzbank, where he was responsible for overseeing its teams in the UK, Germany, Asia, Latin America and the United States.

He previously served on the Board of Wessex Water following its acquisition by YTL Power International.

His considerable experience and insight into corporate finance continues to be an important asset to the board of the company.

Mr. Sikiru Rufai
Non-Executive Director

Mr. Sikiru Rufai joined the Honeywell Group in 2005 as the Group Head of Portfolio Management. He was appointed Managing Director, Honeywell Oil and Gas Limited in 2007 and held that position until his appointment as Group Chief Finance Officer in 2015. Prior to joining Honeywell Group, he worked with United Bank of Africa Limited (now UBA Plc), Z. O Ososanya and Co. (Chartered Accountants, now HLB Z.O. Osansanya and Co.), Oyelami Soetan Adeleke and Co. (Chartered Accountants, now Baker Tilly Nigeria), Profund Securities Limited and PricewaterhouseCoopers (PwC).

He is a graduate of both the Universities of Jos and Lagos, where he obtained a Bachelor of Science and Master of Business Administration (MBA) degrees respectively. He is a Fellow of the Institute of Chartered Accountants of Nigeria. He is a Fellow of the National Institute of Marketing of Nigeria and a Fellow of the Certified Institute of Cost Management of Nigeria. He is also an Associate of the Chartered Institute of Taxation of Nigeria. He has over two decades of work experience in teaching, consulting, finance, strategy, business process restructuring, audit, training and human resource management.

Mrs Wonuola Adetayo
Independent Director

Mrs. Wonuola Adetayo has over 25 years of combined consulting and marketing experience. She is currently a partner, co-founder and chief executive of Kainos Edge Consulting Limited. Mrs Adetayo's rich career has seen her work, at various times, in senior marketing and leadership roles across different geographies with Unilever/UACN. These roles include: Divisional Marketing Director, UAC Foods; Marketing Director, CAP Plc; Managing Director, UACN Pharmaceutical & Personal Products Limited; and, Group Marketing Manager, Unilever Caribbean in Trinidad & Tobago.

She left UACN/Unilever to join Phillips Consulting as Associate Director. She later founded and was Managing Director of SoftSkills Management Consultants. She was a member of the Nigeria 2020 Vision Drafting Committee and Chairman of the Governance & Institutions sub-committee.

She currently serves on the board of the Nigerian Economic Summit Group (NESG).

Mr Theophilus Oluranti Sokunbi
Independent Director

A graduate of Chemistry from the University of Ibadan, Nigeria, He obtained a Post Graduate Certificate in Management (PGCM) from University of Derby, United Kingdom, in 2000. He has attended several other management courses both locally and internationally, which includes Senior Management Development Programme at Ashridge Management College and Total Quality Management Course from the Lagos Business School.

He has held various management positions at West African Portland Cement PLC (Nigeria) where he resigned as the Managing Director in 2005. He is a member of several professional bodies including the Nigerian Institute of Management and fellow of the Nigerian Institute of Marketing. He is presently the Chairman of Jacobs Educational Services Ltd and Tonbol International Ltd. He joined the Board of Honeywell Flour Mills on October 17, 2011.

Dr. Zate Raymond Zoukpo
Independent Director

Dr. Zate Raymond Zoukpo obtained his Ph.D in Economics from the University of Tsukuba, Japan in 1985. As a scholar, Dr. Zoukpo began his career as a Research Fellow with the Ivorian Centre for Economic and Social Research.

He later went into banking, where he spent 30 meritorious years across diverse executive roles and functions at African Development Bank (AfDB), from where he retired as Director, First Vice President and Chief Operating Officer.

He is currently the CEO of ECG, a strategic and operational advisory firm, working with first rated global companies interested in investing in Africa. He also serves on the advisory boards of a number of reputable firms in Africa, America, Asia and Europe.

Mrs. Oluwayemisi Busari
Company Secretary

Oluwayemisi is an Irving & Bonnar/Bentley Edu trained legal practitioner with over 20 years' extensive experience in the areas of company secretarial, corporate governance and commercial law practices. In addition to her role as Group Head, Legal & Regulatory Affairs she has also at various times simultaneously held executive management roles of Group Head, Corporate Communications and Group Head, Human Resources & Administration.

As Group Company Secretary/ Head, Legal & Regulatory Affairs, she is responsible for the secretarial, legal advisory and dispute resolution activities of the Honeywell Group and also handles its trademark portfolio. Oluwayemisi has a Masters in Business Administration (MBA) from the Lagos Business School and a Masters in Law from the University of Lagos. She has also attended several courses locally and internationally. She is married with children.

AWARD


MANUFACTURERS ASSOCIATION OF NIGERIA
APAPA BRANCH
Presents This Award Of Excellence To
HONEYWELL FLOUR MILLS PLC
1st Runner Up
2018 Best-Kept Industrial Premises Competition
(Multinatinal/Large Company Category)


HONEYWELL
FLOUR MILLS PLC
RC55495
HONEYWELL
Superfine
Flour
Net Wt.
50kg
NAFDAC Reg No.: 01-3995
HONEYWELL
Whole Wheat Meal
HONEYWELL
MACARONI
HONEYWELL
Semolina
HONEYWELL
Instant Noodles
HONEYWELL
SPAGHETTI
HONEYWELL...does it well

CORPORATE GOVERNANCE

Honeywell Flour Mills Plc is committed to the best practices and principles of Corporate Governance. The Company is a member of the Society for Corporate Governance of Nigeria, and has successfully completed the Corporate Governance Rating System assessment- a joint initiative of the Nigerian Stock Exchange and the Convention on Business Integrity. Its business is conducted in a fair, honest and transparent manner, which conforms to SEC's Code of Corporate Governance.

i. Board Composition

The Board consists of a Non-Executive Chairman, four (4) Non-Executive Directors, three (3) Independent Non-Executive Directors and two (2) Executive Directors, all bringing high level of competence and expertise. They are seasoned professionals and entrepreneurs with vast business management experience and credible track records. The non-executive Directors are independent of the management and are free from constraints which may materially affect their judgment as Directors of the Company.

ii. Role of the Board

The Board has the responsibility of ensuring that the Company is properly managed and achieves its strategic objectives with the aim of creating sustainable long term value to the Shareholders.

iii. Record of Directors Attendance at Meetings

Members of the Board of Directors hold periodic meetings to decide policy matters with the aim of directing the affairs of the Company, review its operations, finances and formulate growth strategy. Board agenda and reports are provided ahead of meetings.

Further to the provision of Section 258(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the records of the Directors' attendance at Board meetings during the year under review is available at the Company's Corporate Head office for inspection. In accordance with Corporate Governance principles, details of attendance at Board meetings during the year are as follows:

Names of Directors	No. of Meetings held	No. of Meetings attended
Dr. Oba Otudeko, D.Sc. (Hon.) CFR	4	4
Mr. Obafemi Otudeko	4	4
Mr. Olanrewaju Jaiyeola	4	4
Dr. Nino Albert Ozara	4	4
Lt. General Garba Duba (rtd)	4	1 (resigned wef 19th Sept., 2018)
Mr. Theophilus Oluranti Sokunbi	4	4
Mr. Rotimi Gbenga Fadipe	4	4 (resigned wef 14th March, 2019)
Mr. Alan Palmer	4	4
Mr. Andrew Smith-Maxwell	4	4
Mrs. Wonuola Adetayo	4	4
Dr. Raymond Zoukpo	4	4
Mr. Sikiru Rufai	4	4

Board meetings were held on 6 July, 2018, 19 September , 2018, 12 December , 2018 and 14 March, 2019.

iv. Board Changes

Lt. General Garba Duba (Rtd) and Mr. Rotimi Fadipe resigned from the Board with effect from 19 September, 2018 and 14 March, 2019.

In line with the Company's Articles of Associations, the following Directors namely: Dr. Nino Ozara, Mr. Olanrewaju Jaiyeola and Mr. Oluranti Sokunbi shall retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-election.

v. Committees

a) Statutory Audit Committee

In compliance with section 359 (4) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, members of the Audit Committee were elected at the Annual General Meeting held on 20 September, 2018. The Committee in the conduct of its affairs reviews the Company's overall risk management and control systems, financial reporting arrangements and standard of business conduct. Members of the Audit Committee have direct access to the Internal Audit Department and Independent Auditors. The statutory functions of the Committee are provided for in section 359(6) of the Companies and Allied Matters Act, Cap.C20, Law of the Federation of Nigeria, 2004.

Members that served on the Committee during the year are:

i. **Mr. Adebayo Adeleke: Chairman, Shareholder**

Adebayo Adeleke holds a first degree from the Obafemi Awolowo University, Ife and an MBA from Delta State University. He is a member of the Institute of Directors Nigeria, Nigeria Institute of Management and the Financial Reporting Council, and a graduate member of the Chartered Institute of Stockbrokers. He currently serves as Non-Executive Director of several blue-chip companies including May & Baker Nigeria Plc, Saham Unitrust Insurance Limited and BOC Gases Plc. He also serves as the Chair of the Audit Committees of several organisations. He has extensive experience in oil & gas operations, asset management and real estate development having held positions in African Petroleum (now Forte Oil Plc), 5-Star Asset Management Limited and Lancelot Ventures Limited, amongst others. He is married with children.

ii. **Mr. Emmanuel Omole: Shareholder**

Omole Emmanuel Olu is an investor, and a clergy man. He holds an Ordinary Diploma in Business Management from Rufus Giwa Polytechnic, Ondo State, a Higher Diploma in Purchasing from the Institute of Purchasing & Supply, and an Advanced Diploma in Theology. He also serves as a member of the Audit Committee of McNichols Plc and a director of Emmorad Business Ventures.

iii. **Mrs. Morenike Omilabu: Shareholder (from 20th September 2018 to date)**

Morenike Abiola Omilabu retired as the Chief Technologist, Teaching and Research Farm, University of Ibadan where she also worked in several other managerial capacities and Boards over a span of 35 years, including Farm Coordinator/ acting Farm Director a position which she held for 4 years. She is a Fellow of the Institute of Company and Commercial Accountants of Nigeria (FCCA), a Fellow of the Nigeria Institute of Industrial Administration (FIIA) and a Fellow of the Royal Microscopical Society at Oxford (FRMS). She is also a Member of the Nigerian Institute of Management (NIM) and Nigerian Institute of Science Laboratory Technology. Mrs. Omilabu is an American Biographical Institute Nominee of Distinction for the International WHO'S WHO of Professional and Business Women of 2002 Award.

She holds an MBA from Ondo State University (now University of Ado Ekiti), a Postgraduate Diploma in Business Administration from University of Ibadan C.S.U, and Diplomas in Audio Visual, Science and Technology from institutions in the United Kingdom and Nigeria, amongst other certifications. She has been a member of Ibadan Zone Shareholders Association since 1992 where she held the position of Zonal Treasurer from 2008 - 2011 and from 2017 till date. She is married with children.

iv. **Mr. Quadri Yemi Ayuba:** **Shareholder** (up to 20th September 2018)
v. **Mr. Andrew Smith-Maxwell:** **Director**
vi. **Mr. Sikiru Rufai:** **Director**
vii. **Lt. Gen. Garba Duba (rtd.):** **Director** (up to September 2018)
viii. **Mr. Oluranti Sokunbi:** **Director** (with effect from September 2018)

The details of the attendance at meetings of the Committee during the year are as follows:

Names of members	No. of meetings held	No. of meetings attended
Mr. Adebayo Adeleke	4	4
Mr. Emmanuel Omole	4	4
Mrs. Morenike Omilabu	4	2 (elected 20th September 2018)
Mr. Quadri Yemi Ayuba	4	2 (up to 20th September 2018)
Mr. Andrew Smith-Maxwell	4	4
Mr. Sikiru Rufai	4	4
Mr. Oluranti Sokunbi	4	3 (appointed September 2018)
Lt. Gen. Garba Duba (Rtd)	4	1 (resigned September 2018)

Audit Committee meetings were held on 2nd July, 2018; 17th September, 2018; 7th December, 2018; and 12th March, 2019.

b) **Business Development Committee**

The purpose of the Business Development Committee is to assist the Board in fulfilling its responsibilities in relation to assessing and managing the Company's business development strategies and activities. Details of attendance at the Business Development Committee meeting during the year are as follows:

Names of members	No. of meetings held	No. of meetings attended
Mr. Alan Palmer	4	4
Mr. Olanrewaju Jaiyeola	4	4
Dr. Nino Ozara	4	3
Mr. Rotimi Fadipe	4	4
Mr. Oluranti Sokunbi	4	4
Mrs. Wonuola Adetayo	4	3

Business Development Committee meetings were held on 6th June, 2018; 11th September, 2018; 4th December, 2018 and 7th March, 2019.

c) Nominations Committee

The Nominations' Committee is empowered to bring to the Board recommendations regarding the appointment of any Director. The Committee ensures that a review of Board candidates is undertaken in a disciplined and objective manner. Due to the nature of its remit, the Nominations Committee meets on a need-to basis.

Members of the Committee are:

Dr. Oba Otudeko, CFR
Mr. Obafemi Otudeko
Mr. Oluranti Sokunbi

vi) Executive Management Committee

The Executive Management Committee comprises the Executive Directors and Heads of Department of the Core Business Units of the Company. It meets once a week and is responsible for setting overall corporate targets, reviewing the Company's performance and operational issues and overseeing the affairs of the Company on a day-to-day basis. Members of the Executive Management Committee are:

Mr. Olanrewaju Jaiyeola	Managing Director
Dr. Nino Ozara	Executive Director, Manufacturing
Mr. Rotimi Fadipe	Executive Director, Supply Chain (up to 14th March, 2019)
Mr. Mobolaji Fakayode	Financial Controller
Mr. Babatunde Adebayo	Head, Human Resources & Administration
Mr. Oluseye Ogunwole	Head, National Sales (Business to Business)
Mr. Narendra Nagarkar	Head, National Sales (Business to Consumers)

vii) Performance Evaluation of the Board

The Board has established a system to undertake a formal and rigorous periodic evaluation of its own performance, that of its Committees, the Chairman and individual Directors. The evaluation system includes the criteria and key performance indicators and targets for the Board, its Committees and individual members of the Committee. For the year under review, the Company engaged the services of PricewaterhouseCoopers (PwC) to conduct the performance evaluation of the Board, its Committees and individual members.

viii) Policies

In keeping with its practice of adhering to best corporate governance standards, Honeywell Flour Mills Plc has in place several policies which protect the interests of its customers and stakeholders. These include:

a. **Security Trading Policy**

In line with Section 14 of the Amendment to the Listing Rules of the Nigerian Stock Exchange, Honeywell Flour Mills Plc has in place a Security Trading Policy.

During the financial year under review, the Directors and employees of the Company complied with the Nigerian Stock Exchange Rules relating to securities transactions and the provision of the Honeywell Flour Mills Plc Policy on insider trading.

b. **Shareholders Enquiries & Complaints Management Policy**

Honeywell Flour Mills Plc has in place a Shareholders Enquiries & Complaints Management Policy in compliance with the Investments and Securities Act (ISA), 2007 and in line with the Securities and Exchange Commission Rules relating to the Complaints Management Framework of the Nigerian Capital Market.

During the financial year, all enquiries and complaints covered under the Policy were promptly resolved. Enquiries and complaints may be submitted through the following channels:

i. **Company Registrar**

First Registrars & Investor Services Limited
Plot 2 Abebe Village Road
Iganmu
Lagos.
Tel: 234 1 2799880, 2701078, 2701079
Fax: 234 1 2701071, 2701072
Email: info@firstregistrarsnigeria.com

ii. **Company Secretary**

Shareholders seeking to escalate unresolved complaints are directed to contact the Company Secretary at this location:

Office of the Company Secretary
6b, Mekunwen Road
Ikoyi
Lagos.
Email:hfml@honeywellflour.com
Tel: +234 1 731 5870, +234 1 7932694

c. **Whistle Blowing Policy**

Under its whistle blowing mechanism, employees of Honeywell Flour Mills Plc and other stakeholders including third parties are encouraged to report any observed or suspected acts of fraud, corruption or other irregularities through the independent helpline or online without fear of reprisal or recrimination.

The Company guarantees that the identity of the reporting individual or organisation shall be accorded utmost protection and the report timeously investigated and treated. Whistleblowers may report misconduct, irregularities or malpractices via the following channels:

- whistleblower@honeywellgroup.com
- 0708 060 1099
- www.honeywellgroup.com/whistleblowing/

d. **Quality Policy**

The Company is committed to the continuous achievement of business success by maintaining its quality leadership in the flour milling industry.

This is driven by a quality management system designed to ensure that customers are always provided with high quality products and services that meet International Standards. Such standards are in full compliance with all statutory and regulatory requirements and are set out in writing for adherence by all staff at all times.

Honeywell Flour Mills Plc was the first flour milling company in Nigeria to be ISO-certified. All processes and procedures across the organisation are in line with international best practices to ensure that it continuously produces good quality products for the complete satisfaction of its highly esteemed customers. The Company employs state-of-the-art facilities for the production of its various brands in conjunction with its technical partners Buhler AG of Switzerland (the world's leading milling equipment manufacturer) for the installation and maintenance of its mills as well as a partnership agreement with Muhlenchemie of Germany for the supply of additives.

e. **Anti-bribery and corruption policy**

Honeywell Flour Mills Plc is committed to upholding the highest levels of ethical standards and integrity in doing business. Hence, the Company has zero tolerance for fraud, bribery and corruption of any nature.

The Company acknowledges the importance of fairness in business and kicks against all acts which threaten to undermine the integrity of its business operations. The adverse effects of fraud, bribery and corruption are recognized through its core values which include 'integrity' - symbolizing our commitment to tenaciously maintain the highest ethical standards, and 'responsibility beyond ourselves' which denotes our intent to act as catalysts for positive change and development in our society. These act as the foundation of our dealings at Honeywell, and will continue to underpin our business operations.

The Company actively maintains an Anti-Bribery & Corruption Policy to reiterate its zero tolerance stance on fraud, bribery and corruption and such other unethical acts, to provide a framework to promote its stance on these, to promote transparency in its dealings and to ensure its reputation and stakeholders are adequately protected.

f. **Others**

In line with the Code of Corporate Governance, Honeywell Flour Mills Plc also has in place other policies which further strengthen its corporate governance structure. They include:

- Conflict of interest & related party transactions policy
- Code of Ethics for employees and the Board of Directors
- Communications policy
- Board appointment policy
- Board remuneration policy
- Internal Control policy
- Robust charters for the Board and Committees
- Orientation & induction programme for new Directors

Bakertilly Profile

In line with the provisions of the Nigerian Codes of Corporate Governance, BBC Professionals will retire as the Company's external auditor after serving for a term of 10 years. A resolution for the appointment of Bakertilly Nigeria will be proposed at this AGM.

Bakertilly is a full-service accounting and advisory firm that offers industry specialised services in assurance, tax and advisory. The firm is a member of Bakertilly International, which was founded over 100 years ago, and is a reputed global association of independent regional accounting and advisory firms with over 580 offices in more than 110 countries. The firm's affiliation with Bakertilly International enables it to execute projects that cut across international boundaries.

Bakertilly has a complement of competent and highly professional staff, the bulk of whom have been absorbed from the merged firms of Oyelami Soetan Adeleke & Co. and Aneni Dairo & Co. founded in 1998 and 1975 respectively. The firm has 8 partners and over 70 highly trained and dedicated professionals with deep industry skills and competencies in assurance, tax and advisory services.

The firm has the capacity to handle complex business transactions across the increasingly sophisticated accounting, legal, taxation and information technology landscape in Nigeria and across the globe. The firm continues to provide accounting and consulting services for various clients spanning the private and public sectors, including publicly quoted companies on the Nigerian Stock Exchange.

Bakertilly currently operates out of four offices in Nigeria: Lagos, Ibadan, Abuja and Port-Harcourt.


HONEYWELL
Semolina
HONEYWELL
Semolina
QUALITY GUARANTEED
10kg
HONEYWELL
Semolina
5kg
HONEYWELL
Semolina
2kg
HONEYWELL
Semolina
1kg
HONEYWELL
FLOUR MILLS PLC
...a plate of delight

IMPACTING OUR COMMUNITY

It is the policy of Honeywell Flour Mills Plc that every employee is provided with a safe and healthy working environment so far as is practicable, having due regard to all moral, legal and economic obligations. The Directors of the Company recognize that they have a responsibility to ensure that all reasonable precautions are taken to maintain good working conditions that are safe, healthy and comply with all statutory requirements and best codes of practice. The Company recognizes that a safe and healthy environment can be maintained only with the co-operation of all employees and stakeholders operating on its premises. Employees and stakeholders will, therefore, continue to be encouraged to express their views on the Company's safety standards through the Safety Committee while Health and Safety training opportunities will be provided annually.

IMPACTING OUR COMMUNITY

Donation to Little Saints Orphanage, Lagos State

Donation to SOS Village Ijebu, Ogun State

HONEYWELL FLOUR MILLS PLC

IMPACTING OUR COMMUNITY

Donation to Bethesda Home For The Blind, Lagos State

Donation to Benue State Investment Forum

IMPACTING OUR COMMUNITY

Sports Development

HONEYWELL FLOUR MILLS PLC

IMPACTING OUR COMMUNITY

Sports Development

IMPACTING OUR COMMUNITY

Kirikiri Correctional Service Baking School Graduation

HONEYWELL FLOUR MILLS PLC

IMPACTING OUR COMMUNITY

Kirikiri Correctional Service Baking School Graduation

IMPACTING OUR COMMUNITY

Continuous Learning- Factory Visit by Primary School Pupils

HFMP Baking School Graduation

HONEYWELL FLOUR MILLS PLC

CORPORATE EVENT

2018 Annual General Meeting


HONEYWELL
Instant Noodles
HONEYWELL
Instant Noodles
Chicken flavour
Net Wt.
100g
HONEYWELL
Net Wt.
120g
Instant Noo
Chicken flavour
HONEYWELL
Instant Noodles
Chicken flavour
70g
HONEYWELL
FLOUR MILLS PLC
... pleasure in every strand

FINANCIAL STATEMENTS

Financial Statements

- Financial Highlights
- Notice of AGM
- Report of Directors
- Financial Statements
- Proxy Form
- Mandate Form
- List of Distributors
- Shareholder's Information

FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 MARCH, 2019

	2019 N '000	2018 N' 000	Increase/ (decrease) %
Revenue	74,409,113	71,476,319	4
Profit before taxation	607,791	4,872,291	(88)
Profit after taxation	68,368	4,426,978	(98)
Total assets	137,505,112	124,835,013	10
Shareholders' fund	56,667,969	56,391,664	0
Total liabilities	80,837,143	68,443,349	18
Issued and fully paid share capital	3,965,099	3,965,099	-
Market capitalization at 31 March	9,516,237	20,222,004	(53)
Per 50k share data			
	kobo	kobo	kobo
Earnings	0.86	55.82	(54.95)
Proposed Dividend	-	6.00	(6.00)
Net assets	714.58	711.10	3.48
Stock Exchange quotation at 31 March (Naira)	1.20	2.55	(1.35)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting of Honeywell Flour Mills Plc will hold as follows:

Date: Thursday, 26th September, 2019
Venue: Civic Centre Ozumba Mbadiwe Street Victoria Island, Lagos
Time: 11am

The following will be transacted at the meeting:

Ordinary Business:

1. To receive the Audited Financial Statements for the year ended 31 March , 2019 together with the Report of the Directors, Independent Auditors and Audit Committee thereon
2. To re-elect retiring Directors
3. To appoint a new independent Auditor to replace the retiring auditor, Messrs BBC Professionals. Notice is hereby given that the proposed independent Auditor to be appointed is Baker Tilly Nigeria
4. To authorize the Directors to fix the remuneration of the Auditor
5. To elect members of the Audit Committee

Special Business:

6. To consider and if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

"That, pursuant to the Rules Governing Transactions with Related Parties or Interested Persons issued by the Nigerian Stock Exchange, a general mandate be and is hereby given authorizing the Company to enter into recurrent related party transactions for its day to day operations, including the procurement of goods and services, on normal commercial terms. The Directors be and are hereby authorized to complete and do all such acts and things required to give effect to the transactions as authorized by this Ordinary Resolution"

Proxy

Any member of the Company who is entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy needs not be a member of the Company. A proxy form is enclosed herewith. A proxy form must be completed and deposited at the office of the Company's Registrar, First Registrars & Investor Services Limited, 2 Abebe Village Road, Iganmu Lagos not later than 48 hours before the time fixed for the meeting.

Audit Committee

In accordance with Section 359(5) of CAMA, any member may nominate a shareholder as a member of the Audit Committee, by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Meeting. The Code of Corporate Governance issued by the Securities and Exchange Commission stipulates that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. Consequently, a detailed curriculum vitae confirming the nominee's qualification should be submitted with each nomination.

Closure of Register and Transfer Books

The Register of Members and Transfer books will be closed from Monday 9 September, 2019 to Friday 13 September, 2019, both days inclusive for the purpose of updating the Register of Members.

Right of Shareholders to Ask Questions

Shareholders have a right to ask questions not only at the meeting, but also in writing prior to the meeting. Such questions should be addressed to the Company Secretary and submitted to the Company's offices or by electronic mail at hfml@honeywellflour.com not later than 7 days before the Meeting.

E- Reports

In order to improve efficiency and delivery of our Annual Report, we have inserted a detachable Form in the Annual Report and hereby request Shareholders who wish to receive their Annual Report in electronic format to complete and return the Form to the Registrars for further processing. In addition, Annual Reports are available online at our website www.honeywellflour.com

E-Dividends

Shareholders are advised to open bank and CSCS accounts for prompt receipt of dividend payments and in accordance with the directive from the Securities and Exchange Commission. Details of such accounts should be sent to the Registrars. A detachable e-dividend form is attached to the Annual Report and Accounts. The form may also be downloaded from the Company's website.

BY ORDER OF THE BOARD

....

Oluwayemisi Busari (Mrs.)
Company Secretary
FRC/2013/NBA/00000004046

BOARD OF DIRECTORS

Board Of Directors

Dr. Oba Otudeko, D.Sc. (Hon) CFR	Chairman
Mr. Olanrewaju Bamidele Jaiyeola	Managing Director
Dr. Nino Albert Ozara	Executive Director
Mr. Rotimi Gbenga D. Fadipe	Executive Director (resigned with effect from 14 March, 2019)
Lt. General Garba Duba [Rtd]	Non-executive Director (resigned with effect from 19 September, 2018)
Mr. Obafemi Otudeko	Non-executive Director
Mr. Alan Palmer (British)	Non-executive Director
Mr. Andrew Smith-Maxwell (British)	Non-executive Director
Mr. Sikiru Rufai	Non-executive Director
Mr.Theophilus Oluranti Sokunbi	Independent Director
Mrs. Wonuola Adetayo	Independent Director
Dr. Raymond Zoukpo (Ivorian)	Independent Director

Secretary

Mrs. Oluwayemisi Busari
Tel: +234 1 731 5870, +234 1 793 2694

Operational Offices

(a) **Apapa Factory**
2nd Gate By-Pass
Tin Can Island Port
Apapa
Lagos State
Website: www.honeywellflour.com
Email: hfml@honeywellflour.com

(b) **Ikeja Factory,**
Plot YABB, Mobolaji Johnson Avenue
Alausa, Ikeja
Lagos State

(c) **Sagamu Factory**
Sagamu Inter-Change
Sagamu
Ogun State

Registrars
First Registrars & Investor Services Limited
2, Abebe Village Road
Iganmu
Lagos

Registered Office
SW8/1185 Sanda Street
Molete
Ibadan

Bankers
Access Bank Plc.
Ecobank Nigeria Plc.
Fidelity Bank Plc.
First Bank of Nigeria Limited
Guaranty Trust Bank Plc.
Keystone Bank Limited
Polaris Bank Limited
Standard Chartered Bank Nigeria Limited
Union Bank of Nigeria Plc.
United Bank for Africa Plc.
Zenith Bank Plc.

Independent Auditors
BBC PROFESSIONALS
(Chartered Accountants)
Charter House
7, McNeil Road
Sabo-Yaba
Lagos

The Directors have pleasure in submitting to members their annual report together with the audited financial statements for the year ended 31 March, 2019.

PRINCIPAL ACTIVITIES

"Honeywell Flour Mills Plc (HFM Plc) was initially registered as GATEWAY HONEYWELL FLOUR MILLS LIMITED on 21 June, 1983. A change in the Company's ownership structure led to a change of name to HONEYWELL FLOUR MILLS LIMITED in June 1995. The Company was converted to a Public Liability Company in 2008. Its shares were listed on the Nigerian Stock Exchange (NSE) in 2009. "

The Company is principally involved in the manufacturing and marketing of wheat based products such as flour, semolina, whole wheat meal, noodles and pasta.

RESULTS FOR THE YEAR

	2019 N'000	2018 N'000
Revenue	74,409,113	71,476,319
	======	======
Profit before taxation	607,791	4,872,291
Taxation	(539,423)	(445,313)
Profit after taxation	68,367	4,426,978
	======	======

DIVIDEND

The directors do not recommend the declaration of any dividend in order to conserve funds.

PRODUCTS DISTRIBUTION

The Company's products are distributed through many distributors across the Country.

I. Directors Interest

The direct and indirect interest of Directors in the Issued Share Capital of the Company as recorded in the Register of Directors Shareholdings and/or as notified by the Directors for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act, CAP C20 LFN 2004 and the listing requirements of the Nigerian Stock Exchange is as stated hereunder:

	At 31 March, 2019 Indirect Unit Holdings	At 31 March, 2019 Direct Unit Holdings	At 31 March, 2018 Indirect Unit Holdings	At 31 March, 2018 Direct Unit Holdings
Dr. Oba Otudeko, D.Sc. Hon. CFR*	5,294,363,565	-	5,294,363,565	-
Mr. Obafemi Otudeko *	618,000,000	-	618,000,000	-
Mr. Olanrewaju Bamidele Jaiyeola	-	370,000	-	150,000
Dr. Nino Albert Ozara	-	250,000	-	250,000
Lt. General Garba Duba (Rtd)	-	4,554,030	-	4,554,030
Mr. Oluranti Sokunbi	-	208,000	-	208,000
Mr. Rotimi Gbenga Fadipe	-	15,000	-	115,000
Mr. Alan Palmer	-	75,783	-	75,783
Mr. Andrew Smith-Maxwell	-	-	-	-
Mrs. Wonuola Adetayo	-	50,000	-	50,000
Dr. Raymond Zoukpo	-	-	-	-
Mr. Sikiru Rufai	-	30,000	-	30,000

* Dr. Oba Otudeko and Mr. Obafemi Otudeko have indirect holdings amounting to 5,294,363,565 and 618,000,000 respectively through Siloam Global Services Limited who is a 75% equity holder in the Company.

ii. Directors Interest in Contracts

None of the Directors have notified the Company for the purpose of Section 227 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts with which the Company was involved during the year ended 31 March, 2019.

iii. Responsibilities of the Directors

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, CAP C20 LFN 2004 and Financial Reporting Council of Nigeria Act No.6, 2011, the Directors of Honeywell Flour Mills Plc are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company as at 31 March, 2019 and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards (IFRS)

The responsibilities include, ensuring that:

- appropriate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

- the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, CAP C20 LFN 2004;

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

- the financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, CAP C20 LFN 2004 and Financial Reporting Council of Nigeria Act, No. 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the financial performance during the year.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this financial statements.

EMPLOYMENT AND EMPLOYEES

Employment policy

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from physically challenged persons. However, there was no physically challenged person in the employment of the Company during the year.

Training and development

It is the Company's policy to equip all employees with the skills and knowledge required for the successful performance of their jobs. The Company sees the investment in its employee as a major part of its strategic development and have maintained a consistent policy of training its staff, both locally and internationally to enhance their skills and competence.

Health and welfare of employees

The Company maintains a staff clinic with full-time nurses and weekly attendance by a physician. It also offers free medical services through a health management services provider to all members of staff.

The Company continuously strives to improve its operation to ensure a safe working environment. It also maintains high standard of hygiene in all its premises through sanitation practices and regular fumigation exercises, as well as installation of pest and rodent control gadgets. Nutritionally balanced meals are provided in the Staff Canteen free for the Junior Staff and at highly subsidized rate for the Senior Staff.

SHAREHOLDING ANALYSIS

The shareholding structure of the Company as at 31 March, 2019 is as stated below:

Share range	No of holders	% of holders	No of holdings	% of holdings
1 - 1,000	11,445	34.98	10,212,538	0.13
1,001 - 5,000	13,694	41.85	36,188,900	0.45
5,001 - 10,000	2,921	8.93	24,025,317	0.30
10,001 - 50,000	2,936	8.97	69,870,461	0.88
50,001 - 100,000	685	2.09	53,825,703	0.68
100,001 - 500,000	786	2.40	171,650,106	2.16
500,001 - 1,000,000	135	0.41	101,575,448	1.28
1,000,001 - 5,000,000	91	0.28	189,845,183	2.39
5,000,001 - Above	27	0.08	7,273,004,002	91.73
	32,720	100.00	7,930,197,658	100.00

SUBSTANTIAL INTEREST IN SHARES

According to the register of members, the following shareholders of the Company held at least 5 percent of the Issued Share Capital of the Company as at 31 March, 2019:

	2019 Number	%
Siloam Global Services Limited	5,912,363,565	75
First Bank of Nigeria Limited	400,967,024	5

DONATIONS, SPONSORSHIP AND CORPORATE SOCIAL RESPONSIBILITY

The value of gifts and donations made by the Company during the year amounted to N10,299,254 (2018:N15,263,699) and analysed as follows:

	=N=
NYSC Orientation Camp Sponsorship	1,068,873.00
Federal Science and Technical College - World Environmental Day	313,522.00
Youth Sport Development	1.555,132.88
Vision of the Child Workshop	86,500.00
Children's Day Sponsorship Events	3,837,735.00
FRSC Road Safety Campaign and Other Events	949,480.00
Nigerian Red Cross Sponsorship	129,750.00
Smile Youth Day Event	558,949.00
World Poverty Eradication Day Event	1,799,312.12
	10,299,254.00

PROPERTY, PLANT AND EQUIPMENT

Movements in Property, Plant and Equipment during the year are shown in note 6 page 40. In the opinion of the Directors, the market value of the Company's properties are not lower than the value shown in the financial statements.

INDEPENDENT AUDITORS

"In accordance with section 20(2) of the Nigerian Code of Corporate Governance 2018 and Security and Exchange Commission (SEC) Code, Messrs BBC Professionals [Chartered Accountants], having attained the ten (10) years threshold will be retiring as auditors to the Company. A resolution will be passed to appoint a new independent Auditor to replace the retiring Auditors at the Annual General Meeting. "

Dated 28 June, 2019

By Order of the Board

Oluwayemisi Busari (Mrs.)
FRC/2013/NBA/00000004046
Company Secretary
Lagos, Nigeria

To Members of Honeywell Flour Mills Plc

Opinion

We have audited the accompanying financial statements of Honeywell Flour Mills Plc which comprise the statement of financial position as at 31 March, 2019, the income statement and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, explanatory notes to the financial statements including a summary of significant accounting policies as set out on pages 58 to 94.

In our opinion, the financial statements give a true and fair view of the financial position of Honeywell Flour Mills Plc as at 31 March, 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for opinion

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

We are independent of the Company in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independent requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) .

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

Key Audit Matters

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

The key audit matters apply to the audit of the financial statements.

Disposal of property, plant and equipment: Note 6

Landed property with a book value of N3.8 billion was disposed for N4.3 billion during the financial year resulting to a gain on disposal of N0.5 billion.

Consequently, the value of Land maintained in the books has been reduced by N3.8 billion as a result of the disposal.

In view of the materiality of the disposal and gain arising thereon, this matter is considered a key audit matter in the financial statements only.

Audit Procedures

Our audit procedures include but not limited to the following:

Procedures

We evaluated and tested the computations of the disposal and the gain as reported in the financial statements. This involved checking the mathematical accuracy of the computation.

We carried out relevant checks to confirm transfer of the title documents to the buyer, the receipt issued, Memorandum of agreement between the Vendor and the Agent and the Deed of Assignment between Honeywell Flour Mills Plc and the Buyer to validate the disposal.

Our audit test did not reveal any material misstatements.

Other information than the Financial Statements and Audit Report thereon

The directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibility of the Directors for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (FRCN Act No. 6, 2011) and in the manner required by the Companies and Allied Matters Act CAP C20 LFN 2004. These responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on other Legal and Regulatory Requirements
In accordance with Schedule 6 of the Companies and Allied Matters Act CAP C20 LFN, 2004 we expressly state that:

(I.) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii.) In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of those books; and

(iii.) The Company's statement of financial position and income statement are in agreement with the books of account and returns.

James O. Obogwu, FCA
FRC/2013/ICAN/00000002913
For: **BBC PROFESSIONALS**
Charterered Accountants
Lagos, Nigeria

29 June 2019

Audit Committee Report to Members of Honeywell Flour Mills Plc
For the Financial Year Ended 31 March, 2019

In compliance with the provisions of Section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004, we the members of the Audit Committee of Honeywell Flour Mills Plc received the Audited Financial Statements for the year ended 31 March, 2019 together with Management Control Report from the external auditors and management response thereto at duly convened meeting of the committee and hereby report as follows:

We confirm that:

(a) We reviewed the scope and planning of the audit requirements;

(b) We reviewed the external auditors' Management Control Report together with Management Responses; and

(c) We have ascertained the accounting and reporting policies of the company for the year ended 31 March, 2019 are in accordance with legal requirements and agreed with ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31 March, 2019 was adequate and Management Responses to the auditors' findings were satisfactory.

We confirm that the internal control system was being consistently and effectively monitored through effective Internal Audit.

The External Auditors confirmed that they received full co-operation from the management during the course of the statutory audit.

The Committee therefore recommend that the Audited Financial Statements for the year ended 31 March, 2019 and the External Auditors' Report thereon be presented for adoption at the Annual General Meeting.

Dated 18th June, 2019

....

Mr. Adebayo Adeleke
Chairman, Audit Committee
FRC/2013/NIM/00000002317

Members of the Audit Committee

Mr. Adebayo Adeleke	-	Shareholder/Chairman
Mr. Emmanuel Omole	-	Shareholder
Mrs. Morenike Omilabu	-	Shareholder
Mr. Theophilus O. Sokunbi	-	Director
Mr. Andrew Smith-Maxwell	-	Director
Mr. Sikiru Rufai	-	Director


HONEYWELL
Whole Wheat Meal
HONEYWELL
Whole Wheat Meal
10kg
5kg
HONEYWELL
FLOUR MILLS PLC
...more than just a meal

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position For the year ended 31 March, 2019	Notes	2019 N '000	2018 N '000
Assets			
Non-current assets			
Property, plant and equipment	6	106,622,428	103,210,062
Intangible assets	7	36,301	13,862
		106,658,729	103,223,924
Current assets			
Inventories	8	14,103,285	7,844,965
Trade and other current receivables	9	6,076,164	6,518,925
Cash and cash equivalents	10	10,666,934	7,247,199
		30,846,383	21,611,089
Total assets		137,505,112	124,835,013
Liabilities			
Current liabilities			
Financial liabilities	12.1	21,512,734	15,455,006
Trade and other payables	11	20,443,802	12,331,422
Current tax liabilities	15.2	345,083	420,830
Total current liabilities		42,301,619	28,207,258
Non-current liabilities			
Financial liabilities	12.2	33,726,562	34,934,897
Retirement benefit obligations	13	234,273	842,702
Deferred tax liabilities	15.3	4,574,689	4,458,492
Total non-current liabilities		38,535,524	40,236,091
Total liabilities		80,837,143	68,443,349
Equity			
Share capital	17	3,965,099	3,965,099
Share premium		6,462,041	6,462,041
Retained earnings	18	46,240,829	45,964,524
Total Equity		56,667,969	56,391,664
Total liabilities and equity		137,505,112	124,835,013

The note on pages 64 to 94 form an integral part of these financial statements. The financial statements were approved by the Board of Directors on 19 June, 2019 and signed on its behalf by:

Dr. Oba Otudeko, D.Sc. Hon. CFR
Chairman
FRC/2013/ICAN/0000002365

Olanrewaju Bamidele Jaiyeola
Managing Director/CEO
FRC/2014/ICAN/00000008542

Mobolaji Fakayode
Financial Controller
FRC/2017/ICAN/00000016847

HONEYWELL FLOUR MILLS PLC

Income Statement

For the year ended 31 March, 2019

	Notes	2019 N '000	2018 N '000
Revenue	19	74,409,113	71,476,319
Cost of sales	20	(62,899,939)	(55,423,670)
Gross profit		11,509,174	16,052,649
Other income	21	751,469	202,217
Selling and distribution expenses		(6,017,664)	(4,718,121)
Administrative expenses		(2,326,681)	(2,059,563)
Results from operating activities		3,916,298	9,477,182
Finance income		-	-
Finance costs		(3,308,507)	(4,604,891)
Net finance cost		(3,308,507)	(4,604,891)
Profit before taxation		607,791	4,872,291
Taxation	15.1	(539,423)	(445,313)
Profit for the year		68,368	4,426,978
Earnings per share			
Earnings per share (kobo)		0.86	55.82

The notes on pages 64 to 94 form an integral part of these financial statements.

Statement of Other Comprehensive Income

For the year ended 31 March, 2019

	Note	2019 N'000	2018 N'000
Profit for the year recognized in the income statement		**68,368**	4,426,978
Re-measurement of post-employment benefit obligation	13	**547,305**	(16,844)
Fair value gain on post employment benefit obligation		**136,443**	122,677
Total comprehensive income		**752,116**	4,532,811
Attributable to the owners of the Company		**752,116**	4,532,811
Total comprehensive income for the year		**752,116**	4,532,811

The notes on pages 64 to 94 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March, 2019

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
2019				
Balance at 1 April, 2018	3,965,099	6,462,041	45,964,524	56,391,664
Comprehensive income				
Profit for the year	-	-	68,368	68,368
Other comprehensive income				
Actuarial gain	-	-	547,305	547,305
Fair value gain on post-employment benefit obilgation	-	-	136,443	136,443
Transactions with equity holders recorded directly in equity:				
Dividend paid during the year			(475,812)	(475,812)
Balance at 31 March, 2019	**3,965,099**	**6,462,041**	**46,240,829**	**56,667,969**
2018				
Balance at 1 April, 2017	3,965,099	6,462,041	41,907,525	52,334,665
Comprehensive income				
Profit for the year	-	-	4,426,978	4,426,978
Other comprehensive income				
Actuarial loss	-	-	(16,844)	(16,844)
Fair value gain on post-employment benefit obilgation			122,677	122,677
Transactions with equity holders recorded directly in equity:				
Dividend paid during the year	-	-	(475,812)	(475,812)
Balance at 31 March, 2018	**3,965,099**	**6,462,041**	**45,964,524**	**56,391,664**

The notes on pages 64 to 94 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Statement of Cash Flows

For the year ended 31 March, 2019

	Notes	2019 N'000	2018 N'000
Cash flows from operating activities			
Cash generated from/(used in) operations	16	10,007,242	15,274,043
Retirement benefit paid	13	(95,082)	(151,989)
Tax paid	15.2	(498,973)	(396,144)
Net cash flows generated from operating activities		9,413,187	14,725,910
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(9,950,946)	(7,309,226)
Proceeds from sales of property, plant and equipment		4,301,671	1,333,702
Net cash outflows from investing activities		**(5,649,275)**	(5,975,524)
Cash flows from financing activities			
Interest payment		(3,308,507)	(4,604,891)
Proceeds from borrowings		8,560,351	15,000,000
Repayment of borrowings		(4,970,173)	(18,425,328)
Dividend paid		(475,812)	(475,812)
Net cash used in financing activities		**(194,141)**	(8,506,031)
Net increase in cash and cash equivalents		**3,569,772**	244,355
Cash and cash equivalents at 1 April		7,097,162	6,852,807
Cash and cash equivalents at 31 March	10	10,666,933	7,097,162

The notes on pages 64 to 94 form an integral part of these financial statements.


HONEYWELL
PASTA
MACARONI
Fusilli
HONEYWELL
MACARONI
Cavatto
NET WEIGHT
500g
MACARONI
Cornetti
NET WEIGHT
500g
Butta la Pasta !
...Honeywell Pasta
HONEYWELL
FLOUR MILLS PLC

Notes to the Financial Statements
For the year ended 31 March, 2019

Index to Notes to the Financial Statements

HONEYWELL FLOUR MILLS PLC

Notes to the Financial Statements

For the year ended 31 March, 2019

1 REPORTING ENTITY

Honeywell Flour Mills Plc. was initially registered as Gateway Honeywell Flour Mills Limited on 21 June, 1983. A change in the company's ownership structure led to a change of name to Honeywell Flour Mills Limited in June, 1995. The Company was converted to a Public Liability Company in 2008. Its shares were listed on the Nigerian Stock Exchange (NSE) in 2009. As part of its vertical integration strategy, the Company acquired 100% ownership of Honeywell Superfine Foods Limited, manufacturer of pasta and noodles in 2008.

Honeywell Flour Mills Plc. is a company domiciled in Nigeria. The Company is principally engaged in the manufacture and marketing of wheat-based products including flour, semolina, whole wheat meal, noodles and pasta.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act No. 6, 2011.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis, except for items measured at fair value and the use of actuarial methods for estimating certain employees benefits.

(c) Functional and presentation currency

These financial statements are presented in the Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira have been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with the IFRS requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed in an on-going basis. Revision to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- measurement of defined benefit obligations; and
- provisions and contingencies.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its financial statements.

(a) Going Concern

The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the unforeseeable future. The Company continues to adopt the going concern basis in preparing its financial statements.

(b) Business Combination

Business combination involving entities under common control are outside the scope of IFRS 3. Management exercises its judgment to apply the pooling of interest method of accounting for business combination in accordance with IAS 8, 10 - 12. The IAS 8 and 12 allow management to consider the most relevant conceptual framework in developing an accounting policy where IFRS has no specific requirements.

Under a pooling of interests-type method, the acquirer accounts for the combination as follows:

- the assets and liabilities of the acquiree are recorded at book value not fair value (although adjustments should be recorded to achieve uniform accounting policies);
- no goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is presented separately within Other Statements of Comprehensive Income;
- comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Company's business operating segments are identified by two factories located at Ikeja and Apapa. The Apapa factory manufactures flour, semolina, wheat meal, bakers delight and brown flour, while the Ikeja factory manufactures pasta and noodles.

(d) Foreign currency transactions

Foreign currency transactions are translated into Naira 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 recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other gains / (losses) - net'.

(e) Property, Plant and Equipment

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

All other assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. All other Property, Plant and Equipment are stated at historical cost or valuation less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flows hedges of foreign currency purchases of Property, Plant and Equipment.

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

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 measure reliably. The carrying amount of the replaced cost is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An item of Property, Plant and Equipment is derecognized on disposal or when no future economic benefits is expected from its use. Gains or losses on disposal or de-recognition of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognized in income statement.

Depreciation is provided on components that have homogenous useful lives by using the straight line method so as to depreciate the initial cost down to the residual value over the estimated useful lives. The useful lives are as follows:

Buildings	20 - 50 years
Tools, Furniture/Fittings and Equipment	2 - 5 years
Vehicles	4 years
Land	Not depreciated

Assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

Where an indication of impairment exists, 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. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement for the period.

(f) Intangible assets

(i) Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives. Costs associated with maintaining computer software programmes are recognized as expenses incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product and use or sell it;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development, employee costs and an appropriate portion of relevant overheads. Other development expenditure that do not meet these criteria are recognized as expenses as incurred. Development costs previously recognized as expense are not recognized as asset in subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives.

(ii) Amortization of Intangible assets

Intangible assets are amortized on a straight line basis in the income statement over their estimated useful lives, from the date that they are available for use. The estimated useful life of computer software for the current and comparative years is five (5) years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted for if appropriate.

(g) Financial assets

(i) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

- *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the financial statement.

- *Financial assets fair value through OCI*

Financial assets FVOCI are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to received cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are substantially carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within 'other (losses) / gains - not in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Company's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the Company's right to receive payments is established.

(iii) 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(iv) Impairment of financial assets

The Company 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 events (or events) has an impact on the estimated future cash flows of the financial asset or Company of financial assets that can be reliably estimated. The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a

portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

- adverse changes in the payment status of borrowers in the portfolio; and national or local economic conditions that correlates on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists. 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 flow (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 recognized in the income statement. If a loan or held-to-maturity investment 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 company 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 recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

(v) Impairment of non - financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 tested 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.

(h) Inventories

Inventories are stated at the lower of cost and estimated net realizable value. Costs comprise direct material costs and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Spare parts and servicing equipment are usually carried as inventory and recognized in profit or loss as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment. Such classified spares are depreciated as property, plant and equipment over the useful life on a straight line basis.

(i) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. The collectability of trade receivables is reviewed on an ongoing basis. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the origina terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognized in the income statement.

(j) Research and development

Research and development expenditure is charged against profits in the year in which it is incurred, unless it meets the criteria for capitalization set out in IAS 38 'Intangible assets'.

(k) Cash, cash equivalents and bank overdrafts

Cash, cash equivalents and bank overdrafts include cash at bank and in hand plus short-term deposits less overdrafts. Short-term deposits have a maturity of less than three months from the date of acquisition. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

(l) Borrowing

Interest- bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis through the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

(m) 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 payments is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognizes initially at fair value and subsequently measured at amortized cost using the effective interest method.

(n) Investments

Investments are classified as either held-to-maturity, held-for-trading, loans and receivables or available-for-sale. Held-to-maturity investments and loans and receivables are measured at amortized cost. Held-for-trading and available-for-sale investments are measured at fair value. Where securities are held-for-trading purposes, gains and losses arising from changes in fair value are included in the income statement for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the income statements for the period.

(o) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognized when the Company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognized for future operating losses.

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

(p) Tax

Income tax expense represents the sum of current tax expense and deferred tax expense. Current tax and deferred tax are recognized in income statement except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company is subject to the following types of current income tax:

- Companies Income tax - This relates to tax on revenue and profit generated by the company during the year, to be taxed under the Companies Income Tax Act Cap C21, LFN 2004 as amended to date.
- Tertiary Education tax - Tertiary education tax is based on assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act LFN 2011.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expenses in the period that such determination is made.

(q) Employee benefits

(i) Defined benefit plan

The defined benefit plan defines an amount of gratuity the employee will receive on retirement, dependent on date of employment, year of service and compensation. The defined benefit plan is being accounted for using the projected unit method that considers the rate of inflation, the degree of salary increases of employees, the retirement age among other factors.

The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using market rates on Government Bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in income statement.

(ii) Defined contribution scheme

The Company operates a defined contribution plan which is funded by contributions from the Company and the employees. The Company's contribution is recognized as employee benefit expenses and charged to the income statement. The contributions of both the company and the employees are paid on a monthly basis to a pension fund administrator. The Company has no legal or constructive obligation to pay further contributions if the pension fund administrator does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expenses when they are due.

(iii) Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plan if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

(r) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below:

(i) Sale of goods

The Company manufactures and sells a range of products to the distributors and dealers. Sale of goods are recognized when the Company has delivered products to the customers and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been shipped to the specified locations; the risks of obsolescence and loss have been transferred to the customers and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with discounts and rebates. Sales are recorded based on the price specified on the sales invoice net of the discounts, rebates and returns at the time of sale.

Sales are also recognized when the customer self-collect the product directly at the Company's premises during which the risks and rewards of ownership passes to the customer at the point of loading after the customer's delivery truck leaves the Company's premises.

No element of financing is deemed present where sales are made on agreed credit terms which are consistent with the market practice.

(ii) Interest income

Interest income is recognized using the effective interest rate method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the investment, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

(s) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends are recognized once paid.

(t) Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares held at the year end.

(u) Share Capital

The Company has only one class of shares - ordinary shares which are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

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

of the defined benefit obligation is determined by discounting the estimated future cash outflow using market rates on Government Bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in income statement.

(ii) Defined contribution scheme

The Company operates a defined contribution plan which is funded by contributions from the Company and the employees. The Company's contribution is recognized as employee benefit expenses and charged to the income statement. The contributions of both the company and the employees are paid on a monthly basis to a pension fund administrator. The Company has no legal or constructive obligation to pay further contributions if the pension fund administrator does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expenses when they are due.

(iii) Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plan if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

(r) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below:

(i) Sale of goods

The Company manufactures and sells a range of products to the distributors and dealers. Sale of goods are recognized when the Company has delivered products to the customers and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been shipped to the specified locations; the risks of obsolescence and loss have been transferred to the customers and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been

An entity then determines the effect of the asset ceiling after the planned amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will not have any impact on the Company.

5 RISK MANAGEMENT

Risk management is inherent in the business operations of the Company. Management has set up processes and systems to identify, assess, monitor and control business risks including the following :-

(a) Credit risk

This refers to the risk that a trade debtor will default by failing to make payments in accordance with the agreed credit terms and conditions. The possible impact of the credit risk is poor Account Receivable assets quality arising from high level of bad and doubtful debts and possible impairment of shareholders' funds. The carrying amount of financial assets represents the maximum credit exposure.

Mitigating Measures

- Credit application follows rigorous and extensive credit review and approval processes.
- All credits are secured by insurance or bank bonds.
- Once conditions precedent to credit utilization are met by the customer, the approved credit is updated, monitored and controlled by the ERP on real times basis in accordance with credit terms.
- Credit utilization report are prepared and monitored on a daily basis.

b) Liquidity risk

This refers to the risk of Company's inability to finance its operation and meet its obligation when they become due without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.

Mitigating Measures

- Efficient and effective working capital management.
- Efficient Naira facility management.
- Efficient funds management to eliminate idle funds, meet obligations as they fall due and reduce interest expenses to the minimum level.

- Liquidity and working capital management reports are prepared and monitored on daily basis.
- The Treasury Department is well structured and equipped under the management of a very experienced and well trained team.

c) *Market risk*

Market risk is the risk of financial loss due to change in value of the market risk factors.
The Company is faced with the following market risk factors:

- Interest rate risk:- The risk that occurs when interest rate changes adversely at the money market.
- Foreign exchange risk:- The risk that occurs when foreign exchange rates fluctuate unfavorably at the foreign exchange market.
- Commodity risk:- The risk that occurs when wheat prices significantly increase at the international commodity markets.

Mitigating Measures

- Efficient management of exchange and interest rate risks including generation of relevant risk management reports for monitoring and review on a daily and weekly basis.
- Monitor the money, capital and foreign exchange markets including micro and macroeconomic environment on a daily basis.
- Efficient management of commodity risk by the Logistics and Supplies Department with a full-fledged experienced and well trained team in the area of wheat dynamics and procurement strategies.
- Monitoring of price dynamics and changes at the relevant Commodity Exchange Boards on a real time basis and taking proactive decisions on a timely basis.
- The commodity risk affects the global milling industry as wheat prices are determined at the international commodity markets. We usually increase product price in response to global volatility in wheat prices in order to recover some portion of the rise in wheat prices .

d) Operational Risk

This relates to the risk of loss resulting from inadequate or failed internal processes, controls, procedures, people, and systems. Operational risk is inherent in the business activities. These include risk of inadequate haulage partners required to achieve the company's objectives in terms of sales volume and profit; risk of wastages, downtime and other associated losses arising from inefficient plant operations; risk of breakdown of ERP and IT infrastructure or outright loss of critical operational/business data and information; risk of loss of company assets due to unexpected disaster which may affect business of the type of entities that issue them. as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements of IFRS 4, which are largely based on grandfathering previous local accounting policies. IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model. supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

IFRS 17 will have no impact on the Company, as it does not issue insurance contract.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12 nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Amendments to IFRS 9; Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding' (the SPPI a criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. The Company is still assessing the impact of these amendments.

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

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that are sold or contributed to an associate or Joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 between an investor and its associate or joint venture is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments will currently have no impact on the financial statements of the Company.

Amendments to IAS 19 Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability/(asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment curtailment or settlement using the net defined benefit liability/(asset) reflecting the benefits offered under the plan and the plan assets after that event. and the discount rate used to remeasure that net defined benefit liability/(asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss or settlement without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

operations; risk of breakdown of internal control systems and misstatement of financial statements.

Mitigating Measures

- Efficient and effective maintenance culture to prevent down time and inefficient production operations.
- Control activities are an integral part of the Company's day to day operations and are defined at every business area.
- Existence of robust ERP and comprehensive computerization of internal business processes, systems and procedures.
- Existence of robust IT business continuity and disaster recovery programmes.
- All insurable business risks are assessed, identified and adequately covered/insured.
- Existence of documented standard operating procedures for all business activities.
- All key positions have a minimum of one under-study who can assume the roles immediately with minimum support, and eventually grow into the position.
- The Company continually train talents to meet its future skill requirements.
- Continuous recruitment of qualified haulage contractors to meet corporate requirements and prevent shortage of delivery trucks. The Company also acquired and managed some of its delivery trucks e.g. bulk flour loading trucks.
- It has a strong, active and experienced Internal Audit Team. Internal Audit Reports highlighting control weaknesses periodically to the Management and Board Audit Committee.
- The Company's internal control and risk management systems ensure that material errors or inconsistencies in the financial statements are identified and corrected. Financial Statements are prepared in accordance with accounting standards and policies.
- Financial statements are prepared periodically on monthly and quarterly bases for review by Management and Board. Performance are monitored and compared with budgets.

Notes To The Financial Statements
for the year ended 31 March, 2019

6. PROPERTY, PLANT AND EQUIPMENT

a COST	Land N '000	Building N'000	Capital work in progress N'000	Plant and machinery N'000	Furniture And Equipment N'000	Motor vehicles N'000	Total N'000
At 1 April, 2018	9,460,603	26,670,477	44,214,960	33,586,644	431,541	1,497,880	115,862,105
Additions	-	29,700	9,398,449	316,200	12,728	193,869	9,950,946
Reclasification	5,365,747	14,867,997	(33,672,590)	13,380,996	57,850	-	-
Disposals	(3,800,000)	-	-	-	(126)	(1,340)	(3,801,466)
At 31 March, 2019	**11,026,350**	**41,568,174**	**19,940,819**	**47,283,840**	**501,993**	**1,690,409**	**122,011,585**
DEPRECIATION							
To 1 April, 2018	-	1,996,313	-	9,397,689	327,075	930,966	12,652,043
Charge for the year	-	642,116	-	1,827,616	36,674	232,150	2,738,556
On disposals	-	-	-	-	(126)	(1,316)	(1,442)
To 31 March, 2019	**-**	**2,638,429**	**-**	**11,225,305**	**363,623**	**1,161,800**	**15,389,157**
CARRYING AMOUNT							
At 31 March, 2019	**11,026,350**	**38,929,745**	**19,940,819**	**36,058,535**	**138,370**	**528,609**	**106,622,428**
At 31 March, 2018	9,460,603	24,674,164	44,214,960	24,188,955	104,466	566,914	**103,210,062**

Depreciation expenses of N2.362 billion (2018:N2.535 billion) has been charged in 'cost of goods sold', N136.296 million (2018: N128.931 million) in 'selling and distribution costs' and N240.537 million (2018:N223.776 million) in administrative expenses'.

(b) Property, plant and equipment were professionally revalued on 1 April, 2016 by Ubosi Eleh & Co (Estate Surveyors and Valuers) on the Open Market Valuation basis and are used as reference to determine their fair value in the financial year. The open market represent the price which an interested party in a property or an item of plant and machinery might reasonably be expected to realize in a sale by private treaty assunming the following:

(i) a willing buyer;
(ii) a reasonable period within which to negotiate the sale taking into consideration the nature of the assets and the state of the market;
(iii) values will remain static throughout the period;
(iv) the assets will be freely exposed to the market
(v) no account is to be taken of an additional bid by a special purchaser; and
(vi) no account is to be taken of expenses of realization which may arise in the event of a disposal.

7 INTANGIBLE ASSETS

	2019 N '000	2018 N '000
Cost		
At 1 April 2018	52,929	52,929
Additions	27,816	-
At 31 March 2019	80,745	52,929
Amortization and impairment		
At 1 April 2018	39,067	31,497
Amortization for the year	5,377	7,570
At 31 March 2019	44,444	39,067
Net carrying amount	36,301	13,862

Amortization expenses of N5.377m (2018: N7.570m) has been charged in 'administrative expenses'.

8 INVENTORIES

	2019 N '000	2018 N '000
Raw materials and consumables	2,871,793	6,865,934
Work-in-progress	244,675	224,494
Finished goods	1,223,098	632,158
Goods-in-transit	9,763,719	122,379
	14,103,285	7,844,965

The amount of write down of inventories recognised as an expenses is N58.61 million (2018: N86.56 million). This expense is included in cost of sales. Inventory recognised as expenses during the year totaled N58.61 million (2018: N135.75 million).

There are no inventories pledged as security for liabilities.

9 TRADE AND OTHER CURRENT RECEIVABLES

		2019 N '000	2018 N '000
	Gross trade receivables	1,647,558	957,259
	Allowance for impairment losses	(490,830)	(503,537)
	Net trade receivables	1,156,728	453,722
	Advances and prepayments	3,449,157	4,394,560
*	Intercompany receivables	1,470,279	1,670,643
		6,076,164	6,518,925

There is no material difference between the fair value of receivables and their carrying amount.

* The intercompany receivables represent balances due from Uraga Real Estate Limited, Anchorage Leisures Limited, Honeywell Group Limited and Uraga Power Solutions Limited as at 31 March, 2019.

	2019 N '000	2018 N '000
Analysis of Trade Receivables		
The analysis below show changes in the allowance for impairment losses in the year.		
Ageing of trade receivables	1,647,558	957,259
Total trade receivables	(490,830)	(503,537)
Less: impairment provision for trade receivables	1,156,728	453,722
of which:		
Carrying amount neither past due nor impaired	1,106,069	414,070
Carrying amount past due but less than three months	58,748	37,032
Carrying amount past due for more than three months but less than six months	1,796	2,422
Carrying amount past due for more than six months but less than one year	2,569	19,586
Carrying amount past due more than one year	478,376	484,150
	1,647,558	957,260
Impairment for trade receivables	(490,830)	(503,537)
	1,156,728	453,723
Movement in impairment allowance for trade receivables:		
At 1 April	503,537	510,295
Charge to income statement for the period	-	-
Allowance no longer required	(12,707)	(6,758)
At 31 March	490,830	503,537

a. The maximum exposure to credit risk at the reporting date is the carrying value of the receivables. The Company holds insurance/bank bonds as security against default. The Company's Credit Sales Insurance covered a total credit customers amounting to N413,232,327.68 (2018: N370,871,000) as at 31 March, 2019. A total number of thirty-six (36) Credit customers were insured against default as at 31 March, 2019 (2018: 53 Credit Customers)

b. Impairment allowance is made when there is objective evidence that the Company will not be able to collect the debts. The allowance raised is the amount needed to reduce the carrying value to the present value of expected future cash receipts. Bad debts are written off when identified.

c. As at 31 March, 2019, trade receivables of N1.106 billion (2018: N414 million) neither past due nor impaired. These relate to a number of independent customers for whom there is no recent history of default. Analysis of customer credit risk were performed on the customers.

d. The amount of the provision for impairment was N491 million as at 31, March 2019 (2018: N504 million). The individually impaired receivables mainly relate to wholesalers, who are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. Plans are in place to ensure substantial recovery of the receivables. The Company engaged on series of debt drive during the financial year.

e. Impairment losses are presented in the income statement with selling and marketing expenses.

	2019 N' 000	2018 N' 000
10. CASH AND CASH EQUIVALENTS		
Bank and cash balances*	6,209,389	6,707,498
Short term deposits	4,457,545	539,701
Balance as stated in the statement of financial position as at 31 March	10,666,934	7,247,199
Less bank overdrafts shown as liabilities in the statement of financial position	-	(150,037)
Cash and cash equivalents	10,666,934	7,097,162

There is no material difference between the fair value and the carrying amount of cash equivalents.

Short term deposits represent temporary excess of liquidity invested in low-risk short-term bank deposits with a maturity not exceeding 365 days. Included in the short-term deposits is unclaimed dividend returned by the Company's Registrar in line with the Securities and Exchange Commission directive.

Included in the bank and cash balances is a sum of N1,228,217,977 representing cash with Central Bank of Nigeria (CBN) for foreign exchange bidding as at 31 March, 2019.

	2019 N '000	2018 N '000
11. TRADE AND OTHER PAYABLES		
Due within one year		
Trade payables	1,487,841	979,769
Accruals and other payables	15,818,646	8,276,726
Pension and sundry taxes	8,017	7,365
Unclaimmed dividend	157,545	95,809
Intercompany payable	2,971,753	2,971,753
Balance at 31 March	20,443,802	12,331,422

Accrued liabilities represent contractual liabilities that relate respectively to expenses that were incurred but not paid for at the year end.

The carrying amount of trade and other payables and accrued liabilities is considered to be in line with their fair value at the reporting date.

The unclaimed dividend represents amount returned by the Company's Registrar in line with the Securities and Exchange Commission directive that all unclaimed dividend in the custody of the registrars should be returned to the paying Company 12 months after the date of approval of dividend at a general meeting.

	2019 N' 000	2018 N' 000
12. FINANCIAL LIABILITIES		
.1 Current loans and advances		
Bank overdrafts	-	150,037
Import finance facilities	21,512,734	15,304,969
	21,512,734	15,455,006
.2 Non-current loans and advances		
Bank loans	33,726,562	34,934,897
	33,726,562	34,934,897

(a) Bank loans and overdraft are secured by mortgage on property, plant and equipment while import finance facilities are secured by all assets' debenture.

(b) The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

c) The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying Amount		Fair Value	
	2019	2018	2019	2018
	N' 000	N' 000	N' 000	N' 000
Skye Bank Plc	1,338,848	1,825,646	1,338,848	1,825,646
First Bank of Nigeria Limited - Term loan (I)	11,847,351	11,217,029	11,847,351	11,217,029
First Bank of Nigeria Limited (CBN Intervention Fund) - (ii)	333,333	500,000	333,333	500,000
Fidelity Bank Plc - Term Loan	814,500	1,086,000	814,500	1,086,000
Access (Diamond) Bank Plc - Term Loan	-	634,000	-	634,000
Bank of Industry Limited (iii)	4,392,530	4,672,222	4,392,530	4,672,222
Fidelity Bank Real Sector Fund (iv)	10,000,000	10,000,000	10,000,000	10,000,000
Skye Bank Real Sector Fund (v)	5,000,000	5,000,000	5,000,000	5,000,000
	33,726,562	34,934,897	33,726,562	34,934,897

i. First Bank of Nigeria Limited Term loan was obtained to ease the Company's cashflow. The loan was restructured in 2019 financial year. An extention of repayment period was agreed with a change in terms of agreement. A new expected repayment period of six (6) years tenor which commenced on 28 January, 2019 was agreed.

ii. This represent First Bank of Nigeria Limited's Central Bank of Nigeria/Bank of Industry Intervention Fund (term loan) of **N666,666,666**. This was restructured in 2018. An extention of repayment period was agreed with a change in terms of agreement. An extended loan tenor of seven (7) years was agreed, at a rate of 7% interest per annum with effect from 16 June, 2018.

iii. The loan from Bank of Industry Limited (BOI) was granted to the Company to finance the new Pasta Factory located at Sagamu. The loan has a tenor of seven (7) years inclusive of two (2) years moratorium on principal repayment beginning from date of first disbursement. Interest rate on the loan is 10%. The loan and accrued interest was guaranteed by Skye Bank Plc.

iv. The Company obtained a loan of **N10,000,000,000** from Fidelity Bank Plc, under the Central Bank Of Nigeria (CBN) Real Sector Support Fund (RSSF) Programme to finance the ongoing Sagamu expansion project. The loan was released in two tranches. The first tranche was granted in April, 2017 with original expected repayment date of 11th January, 2024 while the second tranche was granted in August, 2017 with expected repayment date of 24th May, 2024. The loans have a tenor of seven (7) years each inclusive of two (2) years moratorium on principal repayment beginning from the date of first disbursement. Interest rate on the loan is 9%.

v. A loan of **N5,000,000,000** was obtained from Skye Bank Plc, under the Central Bank Of Nigeria (CBN) Real Sector Support Fund (RSSF) Programme to finance the ongoing Sagamu expansion project. The loan was granted in October, 2017 with expected repayment date of 10th October, 2024. The loan has a tenor of seven (7) years inclusive of two (2) years moratorium on principal repayment beginning from the date of first disbursement. Interest rate on the loan is 9%.

16 **STATEMENT OF CASH FLOWS**

The Statement of Cash Flows has been drawn up using the indirect method. Working capital comprises inventories, receivables and current liabilities (excluding bank overdrafts). The cash flows from investing activities relates to the net amount of investments and disposals whilst the cash position consists of cash in hand and at bank.

	2019 N '000	2018 N '000
.1 **Cash flows from operating activities**		
Reconciliation of net profit to operating profit before working capital changes		
Profit before tax	607,791	4,872,291
Adjustments for non cash items:		
Depreciation of property, plant and equipment	2,738,556	2,888,505
Profit on disposal of property, plant and equipment	501,647	4,651
Amortization of intangible assets	5,377	7,570
Income tax under provision in prior year	78,142	-
Interest expense	3,308,507	4,604,891
Net charge in retirement benefit obligations	470,401	361,159
Operating profit before working capital changes	7,710,421	12,739,067
.2 **Working capital changes**		
(Increase)/decrease in inventories	(6,258,320)	3,329,440
Decrease/(increase) in trade and other receivables	442,761	(5,647,227)
Increase in trade and other payables	8,112,381	4,852,763
	2,296,822	2,534,976
Cash generated from operations	10,007,243	15,274,043

17 **SHARE CAPITAL**

	2019 N '000	2018 N '000
Authorized		
8,000,000,000 ordinary shares of 50k each	4,000,000	4,000,000
Issued and fully paid		
7,930,197,658 (2018: 7,930,197,658) ordinary shares of 50k each	3,965,099	3,965,099

18 **RETAINED EARNINGS**

	2019 N '000	2018 N '000
At 1 April	45,964,524	41,907,525
Profit transferred from profit or loss	68,368	4,426,978
Dividend paid during the year	(475,812)	(475,812)
Actuarial gain/(loss)	547,305	(16,844)
Fair value gain on retirement benefit	136,443	122,677
	46,240,827	45,964,524

19 SEGMENT REPORTING

The Company's business operating segments are identified by two factories located at Ikeja and Apapa. The Ikeja segment manufactures Pasta/Noodles while Apapa segment manufactures Flour, Semo, Wheat meal, Brown flour, Bakers' Delight and Pastry Flour.

The chief operating decision maker, who is responsible for allocating resources and accessing performance of the operating segments, is the Board of Directors.

The Board reviewed the Company's monthly financial and operational information in order to assess its performance and allocate resources.

The chief operating decision maker assesses the performance based on operating profits for each operating segments. Below is the summary of the operations from the two segments of the Company:

	2019			2018		
	Apapa N '000	Ikeja N '000	Total N '000	Apapa N '000	Ikeja N'000	Total N '000
.1 Revenue and Result						
Revenue	62,141,456	12,267,657	74,409,113	59,134,157	12,342,163	71,476,319
Cost of sales	(52,501,870)	(10,398,069)	(62,899,939)	(44,106,468)	(11,317,203)	(55,423,670)
Gross profit	9,639,586	1,869,588	11,509,174	15,027,689	1,024,960	16,052,649
Net other trading & operating income	655,964	95,505	751,469	128,936	73,280	202,217
Selling & admin expenses and net interest expenses	(6,967,031)	(1,377,314)	(8,344,345)	(5,769,109)	(1,008,574)	(6,777,684)
Segment operating profit	3,328,519	587,779	3,916,298	9,387,516	89,666	9,477,182

	2019 N '000	2018 N '000
.2 Revenue by geographical location of customers:		
Domestic (within Nigeria)	74,409,113	71,476,319
Export (outside Nigeria)	-	-
	74,409,113	71,476,319

All sales were made within Nigeria

20 COST OF SALES

Cost of sales comprises the following:

	2019 N '000	2018 N '000
Cost of raw and packaging materials	55,293,366	48,103,519
Production employee remuneration cost	1,412,858	1,247,611
Plant maintenance and power cost	2,620,755	2,371,933
Depreciation (Cost of sales)	2,361,721	2,535,796
Factory rent and rates	123,845	113,255
Insurance	64,311	27,620
Other production cost	1,023,083	1,023,936
	62,899,939	55,423,670

21 OTHER INCOME

Other income comprises the following:

	2019 N '000	2018 N '000
Sale of by-products	175,078	120,193
Net gain on sale of property, plant and equipment	501,647	4,651
Raw wheat sales	-	2,757
Impairment no longer required	-	6,758
Recovered debt	12,707	-
Sundry income	62,037	67,858
	751,469	202,217

13. RETIREMENT BENEFIT OBLIGATIONS

The Company has both defined benefit and defined contribution plans.

Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the funds does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. The Company operates funded defined benefit plans for qualifying employees of the Company. The plan was funded with N300 million during the financial year (2018: N300 million).

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation less the fair value of planned assets, together with adjustments for unrecognized actuarial gains or losses and past service costs.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March, 2019 by KDA Associates. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

The amount recognized in the statement of financial position is determined as follows:

	2019	**2018**
	N '000	**N '000**
At 1 April	**1,715,379**	1,489,365
Interest cost	**272,000**	225,773
Current service cost	**198,401**	135,386
Benefits paid	**(95,082)**	(151,989)
Actuarial (gain) / loss due to change in experience	**(547,305)**	16,844
Present value of funded obligations	**1,543,393**	1,715,379
Fair value of Plan Assets	**1,309,120)**	(872,677)
Balance as stated in the statement of financial position as at 31 March	**234,273**	842,702

The principal actuarial assumptions are as follows:

Actuarial Method : Projected Unit Method
Discount rate : 14%
Rate of Salary escalation : 15% per annum
Retirement Age : 60 years
Pre-retirement mortality : A67/70 Ultimate
Withdrawal : Based on the average experience of other similar arrangements adjusted for the Company's experience

Expenses : No explicit allowance.

	2019 N '000	2018 N '000
14 PROFIT BEFORE TAXATION		
The following items have been charged/credited in arriving at profit before tax:		
Depreciation	2,738,556	2,888,505
Impairment allowance no longer required	(12,707)	(6,758)
Auditors' remuneration	20,419	20,419
Directors' emoluments:		
Fees	14,878	15,663
Others	33,352	34,808
Finance cost	3,308,507	4,604,891
And crediting		
Profit on disposal of fixed assets	501,647	4,651
Finance Income	-	-
15 TAXATION		
.1 Income Statement		
Current company income Tax	219,952	439,737
Education Tax	75,132	58,811
Capital Gain Tax	50,000	-
	345,084	498,548
under provision in prior year	78,142	-
Deferred tax charge/write back	116,197	(53,235)
Tax charge to income statement	539,423	445,313
.2 Current tax liabilities		
The movement in current tax balance is as follows:		
At 1 April	420,830	318,426
under provision in prior year	78,142	-
Charge for the year	345,085	498,548
	844,057	816,974
Payment during the year	(498,973)	(396,144)
At 31 March	345,084	420,830

The provision for Income tax was based on the provision of the Companies Income Tax Act (LFN CAP 60) as amended, while Education tax was based on Education Tax Act No. 7 CAP E4 LFN, 2004.

	2019	2018
.3 Deferred tax		
Per income statement	**N '000**	**N '000**
Charge to income statement for the year	116,197	(53,235)
Per statement of financial position		
The movement in deferred tax is as follows:		
Deferred tax liability:		
At 1 April	4,458,492	4,511,727
Charge/write back for the year	116,197	(53,235)
At 31 March	4,574,689	4,458,492

		2019 N '000	2018 N '000
22	**CHAIRMAN'S AND DIRECTORS' EMOLUMENTS, PENSIONS AND COMPENSATION FOR LOSS OF OFFICE**		
	The remuneration paid to Directors was		
.1	Fees:		
	Chairman	1,600	1,600
	Other directors	13,278	14,063
		14,878	15,663
.2	Fees and other emoluments disclosed above include amount paid as:		
	Fees	14,878	15,663
	Other emoluments	33,352	34,808
		48,230	50,471
.3	Number of directors (excluding the chairman) whose emoluments were within certain ranges were:	**Number**	**Number**
	N100,000 and above	10	12
.4	Waived emoluments		
	Number of directors that waived their right to receive emoluments	**Nil**	**Nil**
	Aggregate of those emoluments	-	-

.5 Pensions were not paid to existing and past directors

.6 No compensation for loss of office was paid to any of the directors.

23 EMPLOYEES AND RELATED REMUNERATION

Number of employees in receipt of emoluments excluding allowances were within the following ranges:

			2019 **Number**	2018 **Number**
N500,001	-	N1,000,000	472	427
N1,000,001	-	N1,500,000	70	66
N1,500,001	-	N2,000,000	45	30
N2,000,001	-	N2,500,000	62	59
N2,500,001	-	N3,000,000	20	15
N3,000,001	-	N3,500,000	25	23
N3,500,001	-	N4,000,000	16	16
N4,000,001	-	N4,500,000	15	12
N4,500,001	-	N5,500,000	19	15
N5,500,001	-	N6,000,000	11	10
N6,000,001	-	Above	30	28
			785	701

24 **CONTINGENT LIABILITIES, GUARANTEES AND OTHER FINANCIAL COMMITMENTS**

I **Charges**
The Company has loan facilities with First Bank of Nigeria Limited secured by All Assets Debenture.

ii **Financial commitments**
The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of the financial statements under review. These liabilities are relevant in assessing the Company's state of affairs as at 31 March, 2019.

iii **Legal charges**
There is a litigation against the Company as at 31 March, 2019 the outcome of which had not been determined.

However, the directors, having sought legal advice of professional counsel are of the opinion that no material liabilities may arise in the ordinary course of business. No provision was made in these financial statements to that respect.

25 **LOANS AND OTHER TRANSACTIONS FAVOURING DIRECTORS AND OFFICERS**

a) During the year, the Company guaranteed no loan in favour of its Directors and Officers.
b) No loans were given to the Directors to purchase the Company's shares during the year.

26 **CONTRAVENTIONS**
There was no contravention of any sort during the financial year.

27 **EARNINGS PER SHARE**
The Earnings Per Share (EPS) is calculated by dividing the profit attributable to ordinary shareholders by the number of ordinary shares issued as at 31 March, 2019.

28 **SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**
In preparing its financial statements, the Company has made significant judgments, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors such estimates and assumptions and make sure that they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgments made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue recognition
The Company makes provisions for trade discounts, volume rebates and charge back for product returns allowed by the sale contracts when recognizing the revenue derived from sales of its products. Such deductions represent estimates, which are subject to judgments and assumptions based on past experience as well as the company's knowledge available at the time the estimate is made.

Allowance for doubtful receivables
The determination of the recoverability of the amount due from customers involves the identification of whether there is any objective evidence of impairment. In cases where that process is not feasible, a collective evaluation of impairment is performed. As a consequence, the way individual and collective evaluations are carried out and the timing relating to the identification of objective evidence of impairment require significant judgment and may materially affect the carrying amount of receivables at the reporting date.

Asset impairment tests

A financial asset or a group of financial assets, other than those categorized at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Impairment exists only when the Company ascertains that a "loss event" affecting the estimated future cash flows of the financial asset has occurred. It may not be possible to identify a single, discrete event that caused the impairment and moreover to determine when a loss event has occurred might involve the exercise of significant judgment.

The amount of impairment loss recognized for financial assets carried at amortized cost is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Net realizable value of inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is written down to their estimated realizable value when their cost may no longer be recoverable, such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realizable value represents the best estimate of the recoverable amount, based on the most reliable evidence available at the reporting date and inherently involve estimates regarding the future expected realizable value. The benchmarks for determining the amount of write-downs to net realizable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgment and may materially affect the carrying amount of inventories at the reporting date.

Deferred tax estimation

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realization ultimately depends on taxable profits being available in the future. Deferred tax assets are recognized only when it is probable that taxable profits will be available against which the deferred tax asset can be utilized and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

Actuarial assumptions on defined benefit retirement plans

Accounting for defined benefit plans may be complex because actuarial assumptions are required to measure the obligation and the expense, with the possibility that actual results differ from the assumed results. These differences are known as actuarial gains and losses. Defined benefit obligations are measured using the Projected Unit Method, according to which the Company has to make a reliable estimate of the amount of benefits earned in return for services rendered in current and prior periods, using actuarial techniques.

	2019 N '000	%	2018 N'000	%
Revenue	74,409,113		71,476,319	
Other income	751,469		202,217	
	75,160,582		71,678,536	
Bought in goods and services	(66,619,166)		(57,535,465)	
VALUE ADDED	8,541,416	100	14,143,071	100
APPLIED AS FOLLOWS:				
1 To pay employees				
Salaries and wages, pension and social benefits	1,964,704	24	1,777,384	13
2 **To pay providers of funds**				
Finance expenses	3,308,507	39	4,604,891	33
3 **To pay government**				
Income and education taxes	345,085	4	498,548	4
4 **To provide for maintenance and expansion of assets**				
Depreciation	2,738,556	32	2,888,505	20
Deferred tax	116,197	1	(53,235)	(1)
Retained profit	68,367	1	4,426,978	31
VALUE ADDED	8,541,416	100	14,143,071	100

Note: Value added is the wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

FIVE-YEAR FINANCIAL SUMMARY
for the year ended 31 March, 2019

	2019	2018	2017	2016	2015
STATEMENT OF FINANCIAL POSITION	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**
Property, plant and equipment	**106,622,428**	103,210,062	100,118,393	53,757,796	49,282,429
Intangible assets	**36,301**	13,862	21,431	31,131	36,846
Inventories	**14,103,285**	7,844,965	4,515,525	5,586,084	12,546,468
Trade and other receivables	**6,076,164**	6,518,925	871,697	1,169,430	2,187,332
Cash and bank balances	**10,666,934**	7,247,199	7,624,668	15,502,135	3,890,369
Total assets	**137,505,112**	124,835,013	113,151,714	76,046,576	67,943,444
Current liabilities	**(42,301,619)**	(28,207,258)	(26,318,698)	(44,213,225)	(31,860,220)
Non-current liabilities	**(38,535,524)**	(40,236,091)	(34,498,351)	(15,470,752)	(15,767,390)
Total net assets	**56,667,969**	56,391,664	52,334,665	16,362,599	20,315,834
Share capital	**3,965,099**	3,965,099	3,965,099	3,965,099	3,965,099
Share premium	**6,462,041**	6,462,041	6,462,041	6,462,041	6,462,041
Retained earnings	**46,240,829**	45,964,524	41,907,525	5,935,459	9,888,694
Capital employed	**56,667,969**	56,391,664	52,334,665	16,362,599	20,315,834
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	**74,409,113**	71,476,319	53,227,891	50,883,780	49,057,511
Profit/(loss) before tax & after exceptional item	**607,791**	4,872,291	5,469,833	(2,869,342)	1,434,828
Taxation	**(539,423)**	(445,313)	(1,164,878)	(154,510)	(314,561)
Profit/(loss) after tax	**68,367**	4,426,978	4,304,955	(3,023,852)	1,120,267
Transfer to revenue reserve	**68,367**	4,426,978	4,304,955	(3,023,852)	1,120,267
Profit attributable to:					
Equity shareholders	**68,367**	4,426,978	4,304,955	(3,023,852)	1,120,267
Earnings per 50k share [k]	**0.86**	55.82	54.29	(38.13)	14.13
Net assets per 50k share [k]	**714.58**	711.10	659.94	206.33	256.18

NOTE: Earnings and net assets per share are based on 7,930,197,658 ordinary shares of 50k each and profit after tax as at the date of these financial statements.

HONEYWELL FLOUR MILLS PLC

PROXY FORM

HONEYWELL FLOUR MILLS PLC
10TH ANNUAL GENERAL MEETING TO BE
HELD AT 11.00 AM
ON THURSDAY SEPTEMBER 26 2019
AT THE CIVIC CENTRE,
OZUMBA MBADIWE STREET,
VICTORIA ISLAND, LAGOS.

(Name of Shareholder in block letters)
The undersigned, being a member/members of the above-Named Company hereby appoint the Chairman of the meeting Or failing him...
..............as my/our Proxy to vote me/us and On my/our behalf at the Annual General Meeting of the Company to be held on September 26, 2019 and at any adjournment thereof."
Unless otherwise instructed, the proxy will vote or abstain from Voting as he/she thinks fit.
Dated this.............................day of..2019
Signature..

Notes
1.Please sign this proxy card and send it to reach the Registered office of the Company or its Registrars not less than 48 Hours before the time fixed for the meeting.

2.If executed by a corporation, the proxy card should be Sealed with the common seal.

3.This proxy card will be used both by show of hands,
And in the event of a poll being directed or demanded

RESOLUTION	FOR	AGAINST
1. To adopt the Annual Report and Accounts		
2. To re-elect the following Directors: Dr. Nino Ozara Mr. Olanrewaju Jaiyeola Mr. Oluranti Sokunbi		
3. To authorize Directors to appoint new independent Auditors to replace the retiring Auditors Messrs BBC Professionals.		
4. To appoint members of the Audit Committee		
5. To authorize the Company to procure goods and services necessary for its operations from related companies in compliance with the NSE Rules Governing Transactions with Related Parties or Interested Persons.		

Please indicate with an "X" in the appropriate section how you wish your votes to be casted on resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

Before posting the above form please tear off this part and retain it for admission to the meeting

ADMISSION FORM

HONEYWELL FLOUR MILLS PLC (RC55495)
10TH ANNUAL GENERAL MEETING TO BE HELD at Civic Center Ozumba Mbadiwe street, Victoria Island Lagos on Thursday September 26, 2019 at ll a.m

Name of Shareholder*...

Name of Proxy*...

If you are unable to attend the meeting
A member (shareholder) entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A Proxy need not be a member. The above proxy form has been prepared to enable you to exercise your right to vote.,

Important
Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person where a member of the Company or not, with the exception of the Company who will attend the meeting and vote on your behalf.

HONEYWELL
FLOUR MILLS PLC

ELECTRONIC DELIVERY MANDATE FORM

I / We/ Chief/ Dr/ Mr/ Mrs.

Title:

Name:

Address:

hereby agree to the delivery of Annual Report and other statutory documents of Honeywell Flour Mill Plc to me/us via electronic mode:

The Company should forward the materials to the email address stated below:

e-mail address : ....

Signature : ....

The Registrar
First Registrars and Investor Services Limited
Plot 2, Abebe Village Road
Iganmu
Lagos.

HONEYWELL FLOUR MILLS PLC

S/N	NAMES
1	TIJANI GOLDEN MUHAMMED
2	ASCOT FARMS
3	OLSAM FARMS
4	SANNIHAYUS INVESTMENT NIG. LTD
5	MANNA FARMS
6	DELALU AGRIC SERVICES
7	SODEL VENT.DADA SOLOMON
8	BAYUF FARMS
9	STELLAN INDUSRIES LTD
10	INTELOG
11	ZEEM FARMS
12	TAJMAHA SERVICES COY
13	WHITEWAYS LTD
14	PERONE FARMS
15	ZARM POULTRY FARMS & FEED MILLS IND. LTD
16	DAMOLA ONITIRI
17	LAYI OLUOKUN NIG ENTER
18	FOL-HOPE LTD
19	TIRENCE LTD ADEWALE IYANIWURA
20	FARM FRESH NIG LTD
21	BANKYNICE SERVICES
22	MALLAM DAUDA IBRAHIM
23	DIVINE GRACE VENTURES
24	LEKAN FOLA ENT
25	MUSA DANKANO FARMS
26	EMMANUEL ALAGBE
27	TAN-COLM NIG LTD
28	ASSURED SPRING INVESTMENT LTD
29	LANS AGRIC ENTERPRISES
30	TOYE ADE ENT.MR ADEWARA)
31	ABIOLA FARMS -
32	DUROL FARMS
33	KOLADEX NIG ENTERPRISES
34	SAVANT AGRIBIZ
35	HENBIO NIG LTD
36	IDEAL LIVESTOCK FEEDS
37	EL - RASHEED FARMS LIMITED
38	ALFHAMA NIG LIMITED
39	ANIMAL CARE
40	MOHAMMED MAINA ZARE
41	AYOMIDE INTER-BIZ INVESTMENT LTD
42	CAPS FEEDS LTD
43	ROT-TUND FARMS
44	THE CROSS ENTERPRISES
45	FLG INTERNATIONAL LIMITED

UNCLAIMED DIVIDEND

Analysis of Unclaimed Dividend as at August 8th,2019

Year	Number of Shareholders	Amount Declared	Amount Unclaimed	Ratio of Unclaimed Dividend
		N'000	N'000	%
2010	13,355	872,332	4,962	0.57%
2011	14,592	1,031,000	6,787	0.66%
2012	18,814	1,189,530	10,436	0.88%
2013	16,623	1,268,831	14,450	1.14%
2014	17,399	1,348,134	18,297	1.36%
2015	19,559	396,510	41,259	10.41%
2017	20,366	475,812	53,126	11.17%
2018	24,183	475,812	54,589	11.47%

Detailed list of Unclaimed Dividends can be viewed or downloaded from the Company's website at www.honeywellflour.com

SHARE CAPITAL HISTORY

Year	Authorized (N'000)		Issued & Fully Paid-up (N'000)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1990	-	10,000	-	2	Cash @ N1 each
1991	-	10,000	-	2	Cash @ N1 each
1992	-	10,000	-	2	Cash @ N1 each
1993	-	10,000	-	2	Cash @ N1 each
1994	-	10,000	-	2	Cash @ N1 each
1995	40,000	50,000	49,998	50,000	Cash @ N1 each
2001	160,000	210,000	160,000	210,000	Cash @ N1 each
2003	790,000	1,000,000	790,000	1,000,000	Cash @ N1 each
2008	1,000,000	2,000,000	999,999	1,999,999	Acquisition of Honeywell Superfine Foods Limited
2008	-	2,000,000	-	1,999,999	Share Split of N1 to N0.50
2008	2,000,000	4,000,000	1,500,000	3,499,999	Bonus Issue of 3 to 4 shares
2009	-	4,000,000	465,100	3,965,099	Public Issue @ N8.50 each

A x A Recent passport photograph (Individual)

The Registrar,
First Registrars & Investor Services Limited
2, Abebe Village Road, Iganmu, P.M.B. 12692
P. M. B. 12692 Lagos, Nigeria.

Mandate Form E-Dividend Payment

I/We hereby request that from now on, all Dividend Warrant(s) due to me/us from my /our holdings in Honeywell Plc should be paid directly to my/our Bank below:

Date (DD/MM/YY)

(1) Honeywell Flour Mills Plc ☐

Shareholder's Account Number (If Known)

(2) *Surname/Company's Name (whichever is applicable)

(2.2)*Present Postal Address

(2.4)*City

State

(2.5)*Email Address

(2.6)Mobile (GSM) Phone Number

(3) *Bank Name

(3.1) *Branch Address

(3.2)*Bank Account Number (10 Digit NUBAN Number)

(3.3) * Bank Sort Code (Very Important)

(4) *

Shareholder's Signature/Thumb Print

Joint/Corporate Shareholder(s)/Company Signatures

(5) *

Authorised Signature and Stamp of Banker

The branch stamp and signatures of the authorised signatories of your bank are required to confirm that the signature(s) in box 4 is/are that of the shareholder(s) or an authorised signatory.

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc
b) When the holding is in more than one name, all of the shareholders must sign.
c) All Asterisked fields must be completed.

NOTES