HONEYWELL
FLOUR MILLS PLC

ANNUAL REPORT 2020

BREAKING BARRIERS

Contents

This document is made up of the Strategic Report, the Governance Report, the Financial Statements and Notes, and Additional Information.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements 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.

Except where you are a shareholder, this material is provided for information purposes only and is not, in particular, intended to confer any legal rights on you.

This Annual Report and Accounts does not constitute an invitation to invest in Honeywell Flour Mills shares. Any decisions you make in reliance on this information are solely your responsibility.

The information is given as of the dates specified, is not updated, and any forward-looking statements are made subject to the following reservation. Forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting Honeywell Flour Mills. They are not historical facts, nor are they guarantees of future performance.

STRATEGIC REPORT

Our Philosophy

Underpinning our business success is our philosophy, which highlights our entrepreneurial nature, reflects our focus on business sustainability and enables our people reach their full potential.

Our Mission

To provide 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.

Our Vision

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

Our Core Values

Responsibility Beyond Ourselves

We think of our businesses beyond their profitability. We are active catalysts for developing our society and a vehicle for positive change. We seek to make our world a better place. Responsibility is not an afterthought; it is the foundation of our enterprise.

Integrity

We set the highest ethical standards for ourselves and are uncompromising in adhering to them. Accountability, fairness and strong moral principles will always define our character.

Courage

We are not afraid to dream. We are daring, we are bold, and we pursue our vision with tenacious passion. We are not daunted by difficult situations. Courage for us means continuously breaking new grounds; challenging and exceeding conventional limits.

Excellence

We value and celebrate excellence. We consistently deliver outstanding results to our stakeholders. We strive for excellence in all we do. We will continue to build on our heritage by ensuring that every action we undertake is guided by excellence.

Respect for the Individual

We recognise and appreciate every individual in the organisation and their contributions towards our collective goals. We are open to new perspectives and encourage diversity. We foster an environment based on fairness and mutual respect.

Our Business

Honeywell Flour Mills is a leading food processor in Nigeria. We are driven by the need to provide healthy, nutritious and affordable food products to feed Nigeria's growing population. Commencing commerical operations in July 1998, our entry into the flour milling industry revolutionalised the bread flour market by raising the bar on the quality of bread flour that bakers had access to.

Honeywell Flour Mills Pasta factory lines in Sagamu, Ogun State

In response to growth opportunities in the industry, we have increased our production capacity over ten-fold across three factory locations and extended our trademark quality beyond bread flour and bakeries into kitchens, restaurants, and the hearts of millions of consumers, providing them with other nourishing food staples. We have a rich history of measured growth achieved through investments in people, product quality and innovation.

Our Brands

The Honeywell Brand has become a trusted name in Nigeria for good quality, reliable and affordable basic foods.

Flour:

- 3 brands: Honeywell Superfine Flour, Honeywell Bakers' Delight Flour, and Honeywell Brown Flour
- Top 2 market position and leader in terms of quality

Pasta:

- 2 brands: Honeywell Spaghetti and Honeywell Macaroni
- Top 3 market position

Ball Foods:

- 2 brands: Honeywell Semolina and Honeywell Whole Wheat Meal
- Top 2 market position and leader in terms of quality

Noodles:

- One brand and well recognized

Our Business *cont'd*

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.

2,000+ direct employees

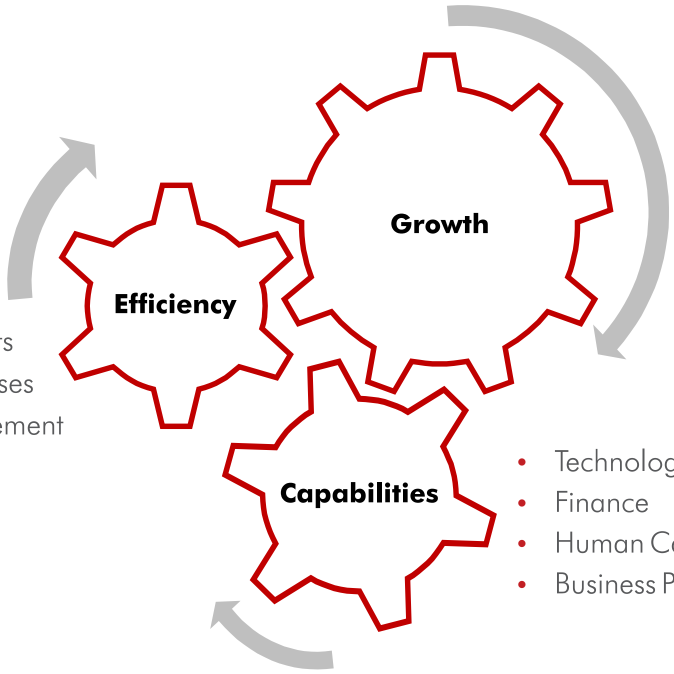
3 Locations
2 States

Modern Technology

Our business strategy is focused on building a sustainable and growing business at the heart of the Nigerian food industry through a strong position in the wheat-based segment and a developmental agenda in the indigenous carbohydrates segments.

Underpinning this strategy are three enabling drivers:

Growth, Efficiency and Capability.



- Leadership
- Strategy
- Brands
- Innovation
- Marketing
- Sales

- Manufacturing assets
- Supply chain processes
- Continuous improvement

- Technology
- Finance
- Human Capital
- Business Processes

We are determined to be at the forefront of the carbohydrate food industry, providing affordable foods to a fast growing population. Our long term goal is to be a highly valued foods business with a diverse portfolio of brands and products, run by the best managers.

Performance Snapshot

The financial year 2019/2020 was another year of strong progress. Key operating and financial metrics improved significantly:

6%
Sales growth

₦80.5b
Revenue
8% over FY'19:N74.4b

₦13.9b
Gross profit
20% over FY'19:N11.5b

17%
Gross margin
2% over FY'19:15%

₦5.5b
Operating profit
45% over FY'19:N3.8b

₦650.5m
Profit for the year
1,722% over FY'19:N37.5m

₦57.3b
Net assets
1% over FY'19:N56.6b

4 kobo
Dividend

Corporate Information

Board of Directors

Dr. Oba Otudeko D.Sc (Hon) CFR	Chairman
Mr. Olanrewaju Bamidele Jaiyeola	Managing Director
Dr. Nino Albert Ozara	Executive Director
Mr. Obafemi Otudeko	Non-Executive Director
Mr. Alan Palmer	Non-Executive Director
Mr. Andrew Smith-Maxwell	Non-Executive Director
Mr. Theophilus Oluranti Sokunbi	Independent Director
Mrs. Wonuola Adetayo	Independent Director
Dr. Raymond Zoukpo	Independent Director
Mr. Sikiru Rufai	Non Executive Director (Retired w.e.f 1/4/2019)

Registered Office

SW8/1185 Sanda Street, Molete, Ibadan, Oyo State.

Registration Number

RC 55495

Company Secretary

Mrs. Oluwayemisi Busari

Tel: +234 1731 5870, +234 1 793 2694

Lagos.

Company Registrar

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

Apapa Factory

2nd Gate By-Pass, Tin Can Island Port, Apapa, Lagos.

Ikeja Factory

Plot YABB, Mobolaji Johnson Avenue, Alausa, Ikeja, Lagos.

Sagamu Factory

Sagamu Inter-Change Sagamu, Ogun State.

Independent Auditors

Bakertilly (Chartered Accountants),
Kresta Laurel Complex (4th Floor),
376, Ikorodu Road, Maryland, Lagos.

Bankers

Access Bank Plc	Guaranty Trust Bank Plc	UBA Nigeria Limited
Ecobank Nigeria Limited	Keystone Bank Limited	Union Bank of Nigeria Plc
Fidelity Bank Plc	Polaris Bank Limited	Zenith Bank Plc
First Bank of Nigeria Limited	Standard Chartered Nigeria Limited	

Chairman's Letter

Dear Shareholders, I am delighted to present to you the Annual Report and Financial Statements for Honeywell Flour Mills Plc for the year ended 31st March 2020.

This is the 11th time we are presenting an Annual Report as a publicly traded company and we have delivered consistent profitable top line growth. I am particularly pleased to report another year of strong performance as we continue to make good progress towards our ambition of becoming a highly valued food business with a diverse portfolio of brands and products, run by the best managers.

"I am particularly pleased to report another year of strong performance as we continue to make good progress towards our ambition of becoming a highly valued food business"

The quality of food consumed contributes significantly to the quality of life. Driven by this reality, we continue to reach millions of tables in every part of the country, providing healthy, nutritious and convenient food products. Today, Honeywell Flour Mills operates in one of the largest segments of the processed food sector, with significant opportunities in carbohydrates consumption. Our innovation priorities will be shaped by the commitment to drive a food security and development agenda in the Nigerian FMCG market, through expansion into high-growth markets, with superior food products that are good for the people of Nigeria and beyond.

Delivering Growth on All Fronts

The financial year ended 31st March 2020 was again a year of progress on all fronts for our company. We delivered improved and industry-leading performance, with a balance of top and bottom-line growth.

Wheat milling is the foundation of the company's activities and we grew the volume of wheat milled in the period under review by 6% compared to the last financial year. As a direct fallout of the volume of wheat milled, organic growth [sales volume] increased by 6%, driven by growth in both our product categories; [Flour; B2B and consumer brands; B2C]. The key driver of growth in the B2C category was strong demand for pasta products, which include spaghetti and macaroni. In January 2019, following commencement of commercial production of pasta at the new factory in Sagamu, we set ourselves the task of sweating the asset in order to accelerate return on capital. The result of our efforts led to over 50% increase in pasta production and sales compared to what was achieved in the previous year.

The strength of our customer relationship underpins our ability to sell and offer competitive trade terms at all times. Through relentless focus on the growth and performance of our customer base, we pioneered new ways of selling to increase both our business and theirs, and developed relationships with new customers all over the country across the traditional and modern trades.

> "Over 50% increase in pasta production and sales"

In line with volume growth, total revenue increased by 8% to ₦80.4 billion [FY'19:N74.4 billion]. Efficient management of production cost and our aggressive continuous improvement drive, translated to 20% increase in gross profit to ₦13.9 billion [FY'19: N11.5 billion. Underlying operating profit grew by 45% to ₦5.5b [FY'19: ₦3.8b]. This performance was under-pinned by flat administration, selling and distribution expenses despite growth in inflation at 11.6% over the period. As a result of the combination of higher volume growth and efficient cost management, profit for the year after tax deductions increased by 1,722% to N650m from a near break-even point of ₦35.7m in the previous year.

Embedding a Culture of Everyday Efficiency and Effectiveness

We have continued to adapt our organisation to be more agile. This enables us to anticipate and respond to changing customer and consumer needs, and economic conditions quicker.

The traffic gridlock in the Apapa area where the Company's flour milling factory is located, continues to present a constraint on our ability to achieve timely deliveries to customers from the factory. Responding to this challenge, we implemented a number of strategies that significantly improved our product load-out rate. In addition, we increased the fleet of our delivery vehicles, and bulk trucks for intra-plant raw material transfer in order to reduce turnaround time. We expect our product load out rate to further increase, as we continue to implement other innovative and efficient ways of serving our customers.

Our long-term value creation model is based on the balanced pursuit of top-line growth and bottom-line performance, as well as improved capital efficiency. We seek to continuously improve the way we operate by embedding an efficiency mindset in order to reduce cost and provide fuel for our growth. This is evidenced by

Selling, Distribution and Admin Expenses remaining flat despite 6% growth in volumes and 11.6% inflation during the period under review. The Company managed its capital structure to achieve capital efficiency and create additional shareholders' value, while providing flexibility to invest through the economic cycle and giving access to debt markets at attractive cost levels. We successfully renegotiated lower interest rates for all our existing facilities, resulting in overall finance cost savings of over N800m in the financial year relative to planned spend.

In our unrelenting drive to cut back on the volume of importation, we have expanded our scope beyond substituting edible raw materials with locally available inputs, to sourcing and working with local suppliers to produce critical manufacturing inputs and spares that were previously imported. We are convinced this will contribute in no small measure to saving foreign exchange expense while developing the capacity of local suppliers.

> "We will continue to advance our digital capabilities in the areas of business model, processes, data management, social media and e-commerce in order to accelerate innovation, fuel new growth opportunities and create efficiencies."

Notwithstanding the progress we have made, we will continue to work towards further improvement.

Developing and Scaling Core Capabilities

While we continue to identify and invest in growth markets, we recognise that sustaining growth will require building stronger capabilities that will be difficult for the competition to match. As a result, we enhanced our capability to measure market trends and collate customer and consumer insights to be able to respond with speed to rapid changes in the industry. We developed capabilities for customer sales and found new ways to improve customer performance and also enhance customer relationships.

Our investment in digital transformation through the upgrade of our Enterprise Resource Planning (ERP) system across sales and marketing, supply chain management, production, financial management and business intelligence, has helped us to become data-powered, thus enhancing our insights, speed and precision. We will continue to advance our digital capabilities in the areas of business model, processes, data management, social media and e-commerce in order to accelerate innovation, fuel new growth opportunities and create efficiencies.

During the year, we made a number of executive appointments to complement our existing talent base, and also elevated and re-assigned some promising in-house talents in order to enrich their capabilities. As the business world evolves, we are determined to be an organisation where talented people can both grow themselves and our business. In the financial year, we exposed our people to over 26,000 hours [32 hours per employee] of training, to upskill and expand their knowledge base. The reality is, the quality of our people determines the quality of success the business delivers. As a result, continuous learning will remain a priority as we move to more digitally-enabled and agile ways of working.

Sharing Our Success

We have a long standing commitment to the communities we operate in. The commitment is to reach out beyond our business to affect lives in a positive manner. In the last twelve months, the company sponsored a number of youth-focused sports events in Lagos, Osun and Kwara States, and provided manufacturing process exposure to school children across grade levels. We continued to partner with the Federal Road Safety Corps (FRSC) to educate and promote the need for safe driving particularly during festive periods. We also partnered with the Prime Women Event, an empowerment programme for women in Lagos that helps to develop small scale businesses owned by women.

> "We believe that our approach will optimise value for our shareholders and positively impact all stakeholders; employees, consumers, business partners, and the communities where we operate. "

The Covid-19 Pandemic since its emergence in December 2019, has become a significant public health and economic issue, affecting all facets of our daily lives. In line with one of our core values of 'Responsibility Beyond Ourselves,' we partnered with a number of State Governments at the emergence of Covid-19 in Nigeria, donating food products to their Emergency Food Response programmes, to provide relief to Nigerians who required support. Honeywell Flour Mills assures all its stakeholders that special measures have been adopted within all our operations to minimize contamination risk and ensure that Honeywell products are manufactured based on compliance with the strictest hygienic standards.

Change to the Board

There was a change to the Board during the financial year ending 31st March 2019, with Mr. Sikiru Rufai resigning from the Board effective 1st April 2019 to pursue other interests. On behalf of other Directors and the Company, I thank him for his contributions to the development of Honeywell Flour Mills while he was with us.

Dividend

The Board of Directors is pleased to recommend the payment of 4 kobo per share as dividend for the year. If approved, the dividend will be paid to shareholders on Wednesday 30th of September 2020, after deducting the appropriate withholding tax.

Fit for the Future

With the emergence of the Covid-19 pandemic towards the end of the financial year, the future is sure to raise new challenges and new opportunities. Management will continue to deploy measures to cushion the effect of the pandemic on business operations, while also reassuring consumers that the Company will continue to produce high quality, nutritious food, utilising all the resources available to us during these difficult times.

We will actively manage our product portfolio and prioritise our investments to stay relevant, address the latest consumer trends, win in every category and market we operate in, and contribute to the nation's agenda of ending hunger and malnutrition by 2030, in line with the United Nation's Sustainable Development Goals agenda.

We are committed to investing in growth opportunities and growth platforms, especially in the carbohydrates category, that will improve agricultural productivity in Nigeria through commercialisation of locally available inputs for foods production. We will continue to relentlessly pursue long-term shareholder value maximization through a balanced top-line and bottom-line growth by focusing on categories and regions where we have the ability to win and grow our market share. We will challenge ourselves regarding structural efficiency across manufacturing, supply chain, sales, capital structure and administration to create value. We want our people to be the best version of themselves, hence we will work to ensure they are engaged and empowered so they can be connected to our purpose and motivated to perform at their best.

Our strategy is 'delivering' and we are committed to building a company that will prosper over the long term. We believe that our approach will optimise value for our shareholders and positively impact all stakeholders; employees, consumers, business partners, and the communities where we operate, in the long term. Better days lie ahead for all stakeholders.

On behalf of the Board, I would like to express deep gratitude to all our shareholders, customers, consumers, dedicated staff and business partners for your unwavering support and commitment to Honeywell Flour Mills during the year, while counting on them again in the coming year.

Thank you and God bless.

OBA OTUDEKO, CFR

Chairman

Managing Director's Q&A

> "Our strategic vision is premised on 3 key drivers of performance: **Growth**, **Efficiency** and **Capability**"

Olanrewaju Jaiyeola answers questions on the company's performance in the financial year, the company's strategy, challenges of the year and other highlights.

How do you see the current state of global and local markets and their impact on Honeywell Flour Mills operations?

Global growth in the first 10 months of the financial year had been weak, driven by rising trade barriers. The associated uncertainty as a result of trade wars weighed on business sentiment and trade activities globally. In addition, there were further pressures from country-specific weaknesses in large emerging market economies.

Locally, the story was not much different. The country delivered positive economic growth, albeit at a slower rate than was required, given our growing population. The manufacturing sector has been particularly challenged for a number of years due to structural issues such as dearth of critical infrastructure, lack of skilled manpower and uncompetitive monetary policy amongst others. These have led to low output and capacity utilization in the industry. Recently, downward pressure on wages and low discretionary income due to the economic situation, have contributed to lower margins and profitability as consumers preferred to go for lower priced products. Nevertheless, the border closure enforced in August 2019, provided a needed impetus for the industry as limited access to imported food items boosted local demand and supply.

The key in any operating environment is to remain relevant by providing what consumers need, where they need them, in the package they prefer and at the appropriate price point. Our strategy is firmly rooted in this approach.

The emergence of Covid-19 in the last quarter of the financial year led to unprecedented health and economic challenges on people and countries across the world. Regardless, the safety and well-being of our people remained our priority as we continue to deploy measures to cushion the effect of the pandemic on business operations, while reassuring our consumers of our commitment to produce high quality nutritious food.

As you look back, how do you reflect on HFMP's business performance in the financial year, and what were your highlights?

Our strategic vision is premised on 3 key drivers of performance: Growth, Efficiency and Capability; and we delivered strong performance across these drivers despite the challenging operating environment.

We achieved sales volume growth and record revenue, despite the squeeze in the pocket of the average Nigerian consumer and intense competition in the industry. Our pasta category had a particularly strong year, achieving 50% growth in sales volume, driven by utilization of the increased capacity at the recently commissioned Sagamu factory. The performance of our value brand [Honeywell Bakers' Delight Flour], which grew double digit was also a highlight, enabling the company to compete effectively in the value market.

Honeywell Flour Mills is the only player in the industry that operates solely in the South Western region of the country and is still able to sell products nationwide. To further enhance our product penetration, we established distribution infrastructure in a new region, to provide more off-take convenience for our customers in that region. We expect this investment to contribute to top-line and bottom-line growth in subsequent years.

Achieving net dispatch savings through efficiently managed wheat discharge and lay time was another highlight, in spite of the congestion at the Tin-Can Island occasioned by the gridlock on all access roads to the port.

From brand perspective, we were particularly cheered by an independent survey that indicated that Honeywell Flour brands have higher and stronger equity than its peers, with 92% of respondents aware of the brand. This particularly reinforced what we have always believed that our brands hold a strong position in the market and we are well-positioned to acquire new customers.

We have set goals that include leadership in environmental, social and governance practices across our operations. Seeing Honeywell Flour Mills awarded a certificate of merit on World Environment Day by the Lagos State Environmental Protection Agency [LASEPA] was a special moment, as well as an encouragement to increase our efforts in this regard.

Another highlight for me was the passion with which our 1,868 employees live out our purpose daily. Without their commitment, resilience and contributions, we would not have achieved meaningful results over the period. I am extremely proud to be leading them at these interesting times.

What were the major challenges and how did the Management team respond to these challenges?

One of the major challenges faced by manufacturers in Nigeria today is the dearth of critical infrastructure such as electricity, urban roads, railways and efficient port facilities. For us that operate out of Apapa, this challenge is exacerbated by the persistent gridlock that limits access to the Apapa port. In addition, the construction of Lagos-Ibadan Expressway has impacted our ability to consistently supply input material [Pasta Flour] to the Sagamu factory due to lane closures. We have responded to the Apapa traffic congestion by introducing barge operations that ferry trucks from designated areas to the factory in order to reduce the time spent to access the factory, which at a point during the year was as long as 2-3 days. We also utilize satellite warehouses in Lagos and other states to facilitate product off-take by customers. While these have reduced the volume of un-serviced orders due to the Apapa traffic, they come at a cost that cannot be fully passed to the customer.

Managing Director's Q&A *Cont'd*

Profitability in the FMCG industry has been challenged in the last 3-5 years due to intense competition for market share. This has led to proliferation of value brands with the attendant implication of lower profitability. The flour milling industry is not exempt from this development and we continue to implement various strategies to protect and gain market share while also focusing on continuous improvement to sustain/improve quality, minimize cost and maintain competitiveness in the trade.

The company made significant investment to expand its pasta production capacity. This has led to huge increase in finance cost that reduced profitability. Working with our bankers, we successfully re-negotiated lower interest rates for all our existing facilities, and as a result achieved ₦800m savings in finance cost, compared to planned expenditure.

> "Covid-19 and oil price war have had significant implications for the Naira"

What steps are being taken by the business to mitigate the risks born out of Coronavirus and how strong is Honeywell Flour Mills' underlying business model in such a time as this?

The outbreak of the Coronavirus [Covid-19] is clearly cause for concern and we are monitoring developments very closely. The health, safety and wellbeing of our people is our highest priority. We have implemented a wide range of protocols at our manufacturing locations to prevent the occurrence and spread of the virus. We have put in place business continuity plans; and different teams in the organisation are working tirelessly to mitigate the risks. We are also securing our supply chain, replacing imported manufacturing inputs with locally available options. Covid-19 and oil price war have had significant implications for the Naira. We will continue to manage the impact of Naira devaluation on the operations of the company.

The company's underlying business model is strong at this time as people need to eat to boost their immunity against the virus. In addition, the economic consequences of the pandemic have meant that consumers are less inclined to spend more, focusing majorly on essentials such as groceries and household supplies. The challenge for us will be to efficiently manage rising production costs, while increasing growth through innovation, by offering relevant products and solutions to our consumers.

Why is there an increase in the finance cost relative to prior year?

We continue to drive down finance cost through regular engagement with our bankers to restructure existing loan facilities and negotiate lower interest rates on working capital.However, this year saw the commencement of full commercial production at our pasta plant in Sagamu which impacted the way certain costs were recognised. With these changes, the costs of funding the project must now be recognised as period cost as we stopped capitalizing interest cost of funds deployed on the project.

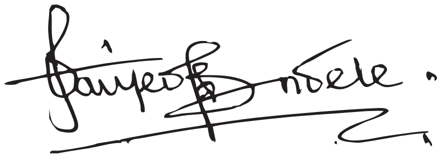
With the ramp up of operations at our Sagamu plant, we are already seeing an improvement on the top line which we believe will enable us effectively meet up with our financing obligations.

What steps are you taking to accelerate growth in light of the current economic situation?

The current economic situation has been precipitated by the Covid-19 pandemic and it is characterized by disrupted supply chains, higher input costs/general cost of doing business, reducing spending power of consumers and restricted access to markets [due to lockdowns]. Honeywell Flour Mills operates in one of the most competitive segments of the Foods, Beverage and Tobacco industry. We are at the intersection of food commodities and branded Fast Moving Consumer Goods [FMCG] and must therefore balance operational efficiency with long term growth ambitions.

In the short term, we will be actively managing our portfolio, focusing on brands and regions that provide the highest returns. This will require setting clear priorities and allocating resources behind activities that create the most value. We are committed to investing selectively behind growth opportunities across all of our categories. We will remain disciplined in our cost management and aim to achieve efficiencies at all levels. This will enable us free up resources that can be reinvested in product innovation and brand building, thereby creating value for our consumers and other stakeholders.

In the medium to long term, we are determined to be at the forefront of the carbohydrates food industry, providing affordable foods to a fast growing population. We play in one of the largest segments of processed food sector with significant opportunities in indigenous carbohydrates consumption. We will leverage our expertise in wheat processing to bring meaningful innovations to the market, and develop other carbohydrates based packaged food formats made from locally sourced grains and tubers. Our strong innovation capacity, extensive capabilities as a large food processor with an established route to market, as well as recognised consumer brands, position us to efficiently leverage this developmental area



OLANREWAJU BAMIDELE JAIYEOLA

Managing Director

GOVERNANCE REPORT

OUR DIRECTORS

Dr. Ayoola Oba Otudeko, CFR
Chairman / Founder

Mr. Obafemi Otudeko
Non-Executive Director

Mr. Alan Palmer
Non-Executive Director

Mr. Andrew Smith-Maxwell
Non-Executive Director

Mrs. Wonuola Adetayo
Independent Director

Mr. Olanrewaju Jaiyeola
Managing Director

Dr. Nino Albert Ozara
Executive Director, Manufacturing

Mr. Theophilus Oluranti Sokunbi
Independent Director

Dr. Zate Raymond Zoukpo
Independent Director

Mrs. Oluwayemisi Busari
Company Secretary

Directors' 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 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 Arthur D. Little School of Management, U.S.A.

Mr. Olanrewaju Jaiyeola
Managing Director

Mr Olanrewaju Jaiyeola 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. He is also currently the Deputy Coordinator of the Technical Working Group (TWG), Manufacturing & Industrialization sector for the preparation of the Medium-term National Development Plan (2021-2025) and Nigeria Agenda 2050

Dr. Nino Albert Ozara
Executive Director, Manufacturing

Dr Albert Ozara is the Executive Director, Manufacturing. He is currently responsible for the 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 Cranfeld 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.

Directors' Profiles (Cont'd)

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. 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. 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.

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).

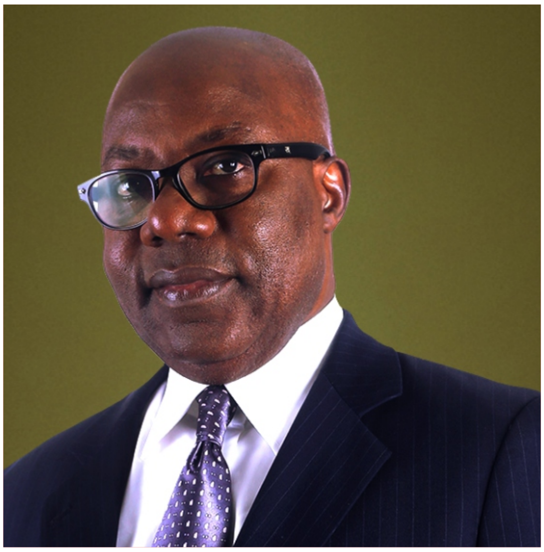
Directors' Profiles (Cont'd)

Mr. Theophilus Oluranti Sokunbi

Independent Director

Theophilus Sokunbi is 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 Presidency and Chief Operating Office.

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

Mrs Oluwayemisi Busari 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.

She has a Masters in Business Administration (MBA) from the Lagos Business School and a Masters degree in Law from the University of Lagos. She has also attended several courses locally and internationally. She is married with children.

Corporate Governance Report

Honeywell Flour Mills Plc (HFMP) 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 the Codes of Corporate Governance issued by the Securities and Exchange Commission and the Financial Reporting Council of Nigeria.

1. Board Composition

The Board consists of a Non-Executive Chairman, three (3) Non-Executive Directors, three (3) Independent Non-Executive Directors and two (2) Executive Directors, who all possess high levels of competence and expertise. They are seasoned professionals and entrepreneurs with vast business management experience and credible track records.

2.Diversity on the Board

HFMP acknowledges the importance of diversity on its Board of Directors and seeks to maintain a Board, which comprises a diverse mix of skills, race, gender, culture, age, experience and knowledge to serve the strategic needs of the business. HFMP also acknowledges the fact that appropriate diversity on its Board will substantially improve group decision-making and consequently, improve performance. To this end, the Board has implemented a Board Diversity Policy. The Board currently has one (1) female Director and a female Company Secretary.

3. 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 for stakeholders.

4. Record of Directors' Attendance at Meetings

The Board of Directors holds periodic meetings to decide policy matters with the aim of directing the affairs of the Company, reviewing its operations, finances and formulating growth strategy. Board agenda and reports are provided ahead of meetings.

Further to the provisions 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 are 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:

Corporate Governance Report *Cont'd*

Names of members	No. of meetings held	No. of meetings attended
Dr. Oba Otudeko D.Sc (Hon) CFR	4	4
Mr. Olanrewaju Bamidele Jaiyeola	4	4
Dr. Nino Albert Ozara	4	3
Mr. Obafemi Otudeko	4	4
Mr. Alan Palmer	4	4
Mr. Andrew Smith- Maxwell	4	4
Mr. Theophilus. O. Sokunbi	4	4
Mrs. Wonuola Adetayo	4	4
Dr. Raymond Zoukpo	4	4
Mr. Sikiru Rufai	4	None (Resigned wef 1st April, 2019)

Board meetings were held on 19th June, 2019; 25th September, 2019; 10th December, 2019 and 13th March, 2020.

5. Board Changes

Mr. Sikiru Rufai resigned from the Board with effect from 1 April, 2019.

In line with the Company's Articles of Association, the following Directors shall retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-election: Mr. Obafemi Otudeko, Mr. Andrew Smith-Maxwell and Dr. Raymond Zoukpo. During the current financial year (FY20/21), Dr. Nino Ozara retired from his position as Executive Director, Manufacturing and was re-appointed to the Board in a non-Executive capacity. His appointment will be tabled before shareholders at this Annual General Meeting.

6. 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 26 September, 2019. 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 Auditor and Independent Auditor. The statutory functions of the Committee are provided for in section 359(6) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004.

Members that served on the Committee during the year are:

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.

Mr. Emmanuel Omole: Shareholder
Omole Emmanuel Olu is an investor, and a member of the clergy. 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.

Mrs. Morenike Omilabu: Shareholder
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 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.

- Mr. Andrew Smith-Maxwell: Director
- Mr. Oluranti Sokunbi: Director
- Mrs. Wonuola Adetayo: Director (effective 14 June 2019)

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	4
Mr. Andrew Smith-Maxwell	4	3
Mr. Theophilus. O. Sokunbi	4	4
Mrs. Wonuola Adetayo	4	2

Audit Committee meetings were held on 14th June, 2019; 17th September, 2019; 5th December, 2019 and 6th March, 2020.

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	4
Mr. Theophilus. O. Sokunbi	4	4
Mrs. Wonuola Adetayo	4	3

Business Development Committee meetings were held 23rd May, 2019; 12th September, 2019; 28th November, 2019 and 27th February, 2020.

C. Nominations, Governance & Remuneration Committee

The Nominations, Governance & Remuneration Committee is empowered to bring to the board recommendations regarding the appointment of Directors, and also has oversight of matters relating to governance and remuneration. In line with the provisions of the Codes of Corporate Governance, members of this Committee are Non-Executive Directors. The members of the Committee are Mr. Obafemi Otudeko, Mr. Oluranti Sokunbi and Dr. Raymond Zoukpo. It did not meet during the period under review.

7. 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 corporate targets, reviewing the Company's performance and operational issues and overseeing the affairs of the Company on a day-to-day basis. The Company acknowledges the importance of diversity, and currently has two (2) women in senior Management positions. As at 31 March 2020, the Executive Management committee comprised the following members:

Mr. Olanrewaju Bamidele Jaiyeola	Managing Director
Dr. Albert Nino Ozara	Manufacturing Director
Mrs. Oluwayemisi Busari	Company Secretary
Mr. Mobolaji Fakayode	Finance Director
Mr. Ifeanyichukwu Abadom	Manufacturing Director Designate
Mr. Tayo Ilori	Supply Chain Director
Mr. Oluseye Ogunwole	Head, National Sales (Business to Business) B2B
Mr. Narendra Nagarkar	Head, National Sales (Business to Consumers) B2C
Mr. Babatunde Adebayo	Head, Operations, Sagamu factory
Mrs. Bisi Duduyemi	Head, Human Resources

8. Performance Evaluation of the Board

The Board has established a system to undertake a formal and rigorous annual 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 each individual Committee member.

9.Policies

In line with its practice of adhering to best Corporate Governance standards, Honeywell Flour Mills Plc has put in place several policies which protect the interests of its stakeholders. These include:

A. Security Trading Policy

In accordance with Section 14 of the amended 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 provisions of the Company's policy on insider trading.

B. Shareholders Enquiries and Complaints Management Policy

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

Enquiries and complaints may be submitted through the following channels:

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

Company Secretary
6b, Mekunwen Road,
Ikoyi, Lagos.
Email: hfmp@honeywellflour.com
Tel: +234 1731 5870, +234 1 793 2694

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. Reports may be made via telephone or online without fear of reprisal or recrimination and may be made anonymously. The Company guarantees that the identity of the reporting individual(s) or organisation(s) shall be accorded utmost protection and the report investigated and treated in a timely manner. Whistle-blowers may report misconduct, irregularities or malpractice 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, which 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 practice to ensure the continuous production of 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 level of ethical standards and integrity in doing business and 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. This acts 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.

10. Board Appointments

Board appointments are made in accordance with the provisions of the Board Appointment Policy. Proposed candidates are thoroughly vetted by the Nominations, Governance & Remuneration Committee to assess whether they meet the applicable criteria for appointment to the Board and for their specific roles. The Committee's candidate search protocols include, in addition to the required expertise and experience, diversity in all attributes. Upon appointment, new Directors undergo an induction programme to familiarise them with matters relating to the Company's business operations and strategy. This programme includes; meetings with other Directors and key personnel, a tour of the Company's factories, and the provision of documents on the Company's operations and performance. Directors are also provided with copies of the Board Code of Conduct & Ethics, the board's Charter and other relevant governance documents.

The Board is fully committed to the structured training and continuous development of its Directors and has implemented a Directors' Development Policy for this purpose. Every Board member attends a minimum of one (1) training programme each year. In addition, Board members attend mandatory training programmes as may be directed from time to time by regulatory authorities.

11. Board Remuneration

The Board Remuneration policy of Honeywell Flour Mills provides a framework for the remuneration of Executive and Non-Executive Directors, which enables the Company offer competitive and fair rates of pay and benefits to attract and retain people of proven ability, experience and skills whilst ensuring that there is no discrimination based on gender, race, ethnicity, religion or sexual orientation. It also enables the alignment of strategic objectives and the delivery of shareholder value.

The Nominations, Governance & Remuneration Committee ('NGRC'), composed solely of non-Executive Directors, recommends the remuneration packages of Executive Directors. The Committee sets Key Performance Indicators covering both financial and non-financial measures for the executives at the beginning of each year. Executive Directors are subject to the Company's clawback policy for the recovery of excess or undeserved reward. The remuneration of the Executive Directors, which includes both fixed and variable components, consists of base/guaranteed pay, performance incentives, benefits & allowances, and terminal benefits.

The remuneration of the Non-Executive Directors consists of Directors' fees, sitting allowances and reimbursable expenses. They do not receive performance-based compensation.

12. Risk Management

The Company has in place an enterprise risk management framework that defines its risk policy, risk appetite and risk limits and identifies, assesses, monitors, and manages key business risks to safeguard shareholders' investments and the Company's assets. Business risks are promptly identified, effectively mitigated and continuously monitored. As part of its robust corporate governance strategy, the Company has in place a very strong Internal Audit function, which is risk focused. The Business Risk profile is presented through the Internal Audit function to the statutory Audit Committee for consideration and to make appropriate recommendations to the Board for approval. The Internal Audit function reports directly to the statutory Audit Committee on a quarterly basis in order to ensure a high level of independence.

The Company's Enterprise Risk Management Framework is available on the Company's website and can be accessed through: www.honeywellflour.com

13. Statement on Sustainability

Honeywell Flour Mills Plc is passionate about creating and enabling the growth of sustainable value for all its stakeholders. The Company constantly assesses how its operations affect its immediate stakeholders and the broader environment and implements action plans that promote more sustainable business practices. As detailed in its Sustainability Policy, Honeywell Flour Mills Plc's sustainability agenda has 2 broad objectives – creating a positive impact as a responsible corporate citizen, while minimizing the adverse effects of business operations on the environment. This agenda thus encompasses both Sustainability and Corporate Social responsibility initiatives, and is anchored on 4 pillars known as "HEED"

- Health & Safety
- Education
- The Environment
- Driving economic growth

The Company's sustainability agenda aligns with the United Nations' Sustainable Development Goals, particularly:

- Goal 2: Zero hunger
- Goal 3: Good health and well-being
- Goal 4: Quality education
- Goal 8: Decent work and economic growth

Honeywell Flour Mills Plc recognizes that strong leadership and governance structures are critical to the success of its sustainability agenda, and to the growth and sustenance of its business as a whole. The Board of Directors, working with the Management Team is responsible for promoting adherence to corporate governance principles and global best practice in business operations, and shall ensure that these business operations are conducted in a manner that aligns with the Company's sustainability agenda.

14. Others

In addition to the highlighted policies and processes, Honeywell Flour Mills Plc has also implemented other policies, processes and governance documents which further strengthens its Corporate Governance structure. They include:

- Conflict of Interest & Related Party Transactions policy
- Code of Ethics for employees and the Board of Directors
- Stakeholder Management, Engagement & Communication policy
- Internal Control policy
- Clawback policy
- Robust charters for the Board and Committees

15. Statement of Compliance with the Nigerian Code of Corporate Governance.

In line with regulatory directives, Honeywell Flour Mills has submitted a report to the Financial Reporting Council, the Nigerian Stock Exchange and The Securities & Exchange Commission on the extent of its compliance with the Nigerian Code of Corporate Governance. The report has also been uploaded to its website: www.honeywellflour.com. A summary of its level of compliance is detailed below:

Corporate Governance Report *Cont'd*

PART	APPLICATION
Part A: Board of Directors & Officers of the Board	The Board consists of a Non-Executive Chairman, 3 Independent Directors, 3 Non-Executive Directors and 2 Executive Directors, supported by an experienced and competent Company Secretary. A Board Diversity Policy has been developed to ensure that the Board remains sensitive to the need for diversity in all forms including gender, age and experience. In addition to the statutory Audit Committee, the Board has established a Nominations, Governance & Remuneration Committee and a Business Development Committee all of which are governed by robust charters. Training and induction of Directors is governed by the Board's Director Development Policy. During the year under review, Board members received training on Strategic Leadership. The Board is guided by its Appointment Policy in making appointments to the Board, though there were no appointments made during the year under review. The policy sets out the criteria for Board appointments and provides for the extensive screening and vetting of potential Directors. Upon appointment, new Directors are mandated to undergo an induction programme. The robust Board Remuneration Policy provides a framework for the remuneration of Executive and Non-Executive Directors, to enable the Company remunerate fairly, responsibly and transparently.
Part B: Assurance	A robust Enterprise Risk Management framework is utilized in monitoring business risks. A whistle-blowing framework has long been established and is continuously communicated to stakeholders. The Company has an effective Internal Audit function that provides assurance to the Board on the effectiveness of the Company's governance, internal control and governance systems.
Part C: Relationships with Shareholders	A Stakeholder Management, Engagement and Communication Policy has been developed to enable and encourage stakeholders to engage with the Company.
Part D: Business Conduct with Ethics	Several policies have been developed to demonstrate the Company's commitment to ethical business conduct. They include: • Insider Trading policy • Conflict of interest & related party transactions policy • Anti-bribery & corruption policy
Part E: Sustainability	The Company's sustainability agenda is documented in a Sustainability Policy.
Part F: Transparency	Material information is disclosed to stakeholders through appropriate channels.

2019 Corporate Awards

Corporate Governance Rating System

CGRS Better For Business RATED

2019 World Environment Day Certificate of Merit

LASEPA LAGOS STATE ENVIRONMENTAL PROTECTION AGENCY

2019 Technology Innovation & Sustainability Award

LASEPA LAGOS STATE ENVIRONMENTAL PROTECTION AGENCY

1st Runner Up 2019 Best Kept Industrial Premises

MANUFACTURERS ASSOCIATION OF NIGERIA

Impacting Our Community

At Honeywell Flour Mills, we use enterprise to make our world better; therefore creating value for all stakeholders is our priority. This is why we ensure our products are healthy, nutritious and affordable while making positive impact on our society through our CSR initiatives which are based on three strategic pillars as follows:

Education

We believe that education is a necessary social tool through which a nation catalyzes development by equipping its citizens with knowledge, skills and values necessary for economic growth. This is why at Honeywell Flour Mills we support educational initiatives that we believe help set up an empowered youth and a skilled workforce.

Safety

At Honeywell Flour Mills we ensure that all reasonable precautions are taken to maintain a safe and healthy work environment by complying with all statutory requirements and best practices. This belief is also extended to the community by supporting safety initiatives aimed at improving the health, wellbeing and safety of people within our community.

Environment

It is the company's policy to ensure our business processes do not have damaging effects on the environment. Therefore; we ensure consistent measures are put in place to guard against air pollution in our factories and its environment. Also, waste disposal is done in compliance with statutory requirements.

In line with our corporate culture, on an annual basis we carry out a number of key CSR projects. This Financial Year, the Company implemented projects internally and also supported government and private organizations to execute various initiatives to help us continue to live out our mission of using enterprise to make our world better.

Events and Donations

Baking School

Honeywell Flour Mills baking school started off in 2006 and has successfully trained over 500 bakers with relevant baking skills, to better optimize their businesses through improved baking production processes and in turn increase their turnover. Over the years, the Baking School has continued to attract prospective and existing bakers. 2019 was no exception, the Baking School graduation was done alongside the World Flour Day Celebration where Honeywell Flour Mills partnered with Muhlenchemie, our supplier and the world's best specialists in the field of enzyme-based flour treatment. In addition, the Baking School has trained and certified 35 inmates of the Nigerian Correctional Services, Kirikiri, Lagos as Master Bakers. To create sustainable impact, the Company in collaboration with Hour of Liberty Ministry helped setup a functional bakery and bread shop at the Nigeria Correctional Services, Kirikiri, Lagos.



Ember Month Rally

In line with our CSR thrust of Safety, Honeywell Flour Mills in the past 7 years has continued to partner with the Federal Road Safety Corps (FRSC) to enlighten the public about safety awareness on our roads. Ember month is a period where several trips are made and this calls for safety awareness within our community. Last year, we partnered with FRSC and carried out a road show to drive awareness, sensitize general road users particularly the Commercial Intra-City Bus Drivers, Inter-State Bus Drivers, and Taxi Operators on the need to make use of all necessary saftety tips while on the highway.

Lagos State Covid-19 Relief

Honeywell Flour Mills believes strongly in the power of community, which was why at the onset of the COVID-19 crisis, we partnered with Lagos State in its bid to feed 200,000 low-income families during the crises induced lockdown by providing customized Honeywell Flour Mills food packs containing our products.


Events and Donations *Cont'd*

Muniru Muse Memorial Football Competition

Honeywell Flour Mills partnered with Muniru Muse Memorial Football Competition for its 8th Edition of the U12/15 Boys and Girls Football Competition through product donations and sampling for all spectators present at the competition. The Company believes in the importance of promoting excellence in our youth while celebrating their skills and talent and will continue to support such initiatives.

Donation to Strategy for Mentoring Initiative and Leadership Empowerment (SMILE)

Honeywell Flour Mills in line with the United Nations Sustainable Development Goal 4, which calls for a substantial increase in the number of youths and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. The Company focuses on partnerships with organizations such as Strategy for Mentoring Initiative and Leadership Empowerment (S.M.I.L.E) who has continuously worked with Secondary and Tertiary School students through various trainings and leadership empowerment programmes.

Stakeholder Engagement

Annual General Meeting 2019

On Thursday 26th September 2019, the Company held its 10th Annual General Meeting (AGM) in Lagos. This provided an opportunity to engage with our shareholders and to share our plans for the 2020 financial year.

NPA Training School

In fulfilment of a commitment made to the Nigerian Port Authority (NPA), during the year, we completed the construction of a training school for NPA in Surulere Lagos, The school built to the highest standards, reinforces our belief in the importance of public and private partnership and working with the public sector for the common good.


HONEYWELL
HONEYWELL

FINANCIAL STATEMENTS

Financial Highlights

For the Year Ended 31 March, 2020

	2020 ₦'000	2019 ₦'000	% Increase/ (decrease)
Major profit or loss items			
Revenue	80,450,397	74,409,113	8
Profit before taxation	1,270,237	575,123	121
Profit after taxation	650,492	35,700	1,722
At year end			
Major statement of financial position items			
Shareholders' fund	57,285,793	56,635,301	1
Total assets	142,261,292	137,472,444	3
Total liabilities	84,975,499	80,837,143	5
Issued and fully paid share capital	3,965,099	3,965,099	-

Per 50k share data

	Kobo	Kobo	Difference in Kobo
Earnings	8.18	0.45	7.73
Proposed Dividend	4.00	-	4.00
Net Assets	722.35	714.17	8.18
Stock Exchange quotation as at 31 March (₦)	0.98	1.20	

Statement of Directors' Responsibilities

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 acknowledge that they are ultimately responsible for the system of internal financial controls established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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.

Signed on behalf of the Board of Directors By:

Dr. Oba Otudeko B.Sc (Hon.) CFR
Chairman
FRC/2013/ICAN/0000002365

24th July, 2020

Olanrewaju Bamidele Jaiyeola
Managing Director/CEO
FRC/2014/ICAN/00000008542
24th July, 2020

Report of the Directors

The directors have the pleasure of submitting their report on the financial statements of Honeywell Flour Mills Plc for the year ended 31 March, 2020.

1. Incorporation

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 the 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.

2. Principal Activities

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

3. Result for the Year

The following is the summary of the company's operating results for the year:

	₦'000
Revenue	80,450,397
Profit before taxation	1,270,237
Taxation and levy	(619,745)
Profit after taxation	650,492

There were no material changes to the nature of the company's business from the prior year.

4. Dividend

The directors have proposed a dividend of ₦317,207,906 which translates to 4 kobo per ordinary share of 50 kobo. This is subject to the approval of the shareholders at the Annual General Meeting and will be subjected to the deduction of appropriate withholding tax at the time of payment.

5. Products Distribution

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

Report of the Directors *cont'd*

6. Directors' Shareholding

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 Nigerian Stock Exchange is as stated hereunder.

	2020 Direct	2019 Direct	2020 Indirect	2019 Indirect
Dr. Oba Otudeko D.Sc (Hon) CFR	-	-	5,294,363,565	5,294,363,565
Mr. Olanrewaju Bamidele Jaiyeola	370,000	370,000	-	-
Mr. Nino Albert Ozara	250,000	250,000	-	-
Mr. Obafemi Otudeko	-	-	618,000,000	618,000,000
Mr. Alan Palmer	75,783	75,783	-	-
Mr. Andrew Smith-Maxwell	-	-	-	-
Mr. Theophilus Oluranti Sokunbi	208,000	208,000	-	-
Mrs. Wonuola Adetayo	50,000	50,000	-	-
Dr. Raymond Zoukpo	-	-	-	-
	953,783	**953,783**	**5,912,363,565**	**5,912,363,565**

* 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.

7. 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, 2020.

8. Employment and Employees

i. 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.

ii. 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 employees 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.

iii. Health and Welfare of Employees

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 provides Personal Protective Equipment to employees as required by the nature of their jobs and safety officers perform regular monitoring to ensure usage compliance. There are fully equipped clinics at its various sites of operation 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.

The employee canteens at Apapa, Ikeja and Sagamu continue to provide nutritionally balanced healthy meals in a conducive environment, free for the Junior Staff and at highly subsidized rate for the Senior Staff.

Employees and stakeholders will 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.

Subject to applicable laws we recruit, hire, train, promote, discipline, and provide other conditions of employment without regard to a person's race, colour, religion, sex, national origin, disability or other classifications protected under law.

9. Shareholding Analysis

The shareholding structure of the Company as at 31 March, 2020 is as stated below:

			No. of Holders	% of Holders	No of Holdings	% of Holdings
1	-	1,000	11,753	35.92	10,269,994	0.13
1,001	-	5,000	13,630	41.66	35,957,599	0.45
5,001	-	10,000	2,910	8.89	23,912,278	0.30
10,001	-	50,000	2,849	8.71	67,452,570	0.85
50,001	-	100,000	626	1.91	48,809,419	0.62
100,001	-	500,000	718	2.19	153,284,277	1.93
500,001	-	1,000,000	117	0.36	86,237,848	1.09
1,000,001	-	5,000,000	88	0.27	183,661,030	2.32
5,000,001 and above			28	0.09	7,320,612,543	92.31
			32,719	**100**	**7,930,197,558**	**100**

10. 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, 2020:

	2020 Number	%
Siloam Global Services Limited	5,912,363,565	75
First Bank of Nigeria Limited	400,967,024	5

Report of the Directors *cont'd*

11. Donations, Sponsorship and Corporate Social Responsibility

The value of gifts and donations made by the Company during the year amounted to ₦9,531,869 (2019: ₦10,299,254) and analysed as follows:

	₦
NYSC Orientation Camp Sponsorship	3,059,256
FRSC Road Safety Campaign and Other Events	1,069,000
Youth Sport Development	1,959,400
Women Empowerment Programme	234,600
Children Sponsorship Events	3,166,773
Nigerian Red Cross Sponsorship	42,840
	9,531,869

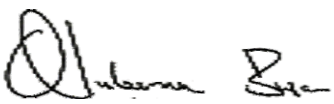
12. Property, Plant and Equipment

Information relating to the changes in the items of Property, Plant and Equipment is disclosed in Note 5 page 77. 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.

13. Independent Auditors

Messrs. Bakertilly (Chartered Accountants), have indicated their willingness to continue as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed to authorise the directors to fix their remuneration.

By Order of the Board



Oluwayemisi Busari
FRC/2013/NBA/00000004046
Company SecretaryLagos, Nigeria
24th July, 2020

Audit Committee Report

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 2020 together with Management Control Report from the external auditors and management responses thereto at a 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 that the accounting and reporting policies of the company for the year ended 31 March, 2020 are in accordance with legal requirements and agreed ethical practices.

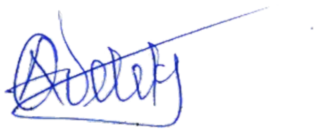
In our opinion, the scope and planning of the audit for the year ended 31 March, 2020 was adequate and Management Responses to the auditors' findings were satisfactory.

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, 2020 and the External Auditors' Report thereon be presented for adoption at the Annual General Meeting.

Dated: 3rd July, 2020



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
Mrs Wonuola Adetayo	-	Director

Report of the Independent Auditors

To the Members of Honeywell Flour Mills Plc

Opinion

We have audited the financial statements of Honeywell Flour Mills Plc (the company) set out on pages 55 to 95, which comprise the statement of financial position as at March 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view, in all material respects, the financial position of Honeywell Flour Mills Plc as at March 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters CAP C20 LFN 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty

As stated in Note 34 to the financial statements, Lagos and Ogun States as well as the Federal Capital Territory, Abuja in Nigeria were all locked down in compliance with an order from the President of the Federal Republic of Nigeria as a consequence of the global pandemic 'COVID 19'. However, the Company continued in full commercial business operations during the period of the lock down as it was categorized as an entity that provides essential food products to support the government in its fight against the COVID 19 pandemic.

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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Inventories	How our audit addressed the key audit matter
Due to the Federal Government Directive on lockdown as a result of COVID 19 Pandemic, we could not observe the end of the year stock count exercise	We evaluated and tested the stock taking report and the valuation report to check the correctness of the inventories figure included in the financial statements. This involved checking mathematical accuracy of the computation. We obtained and reviewed Internal Control reports on the end of year stock count exercise and all stock reports during the year to identify areas of concern on the inventories. We carried out post year end check of stock records, good received notes, waybill, invoices, receipts, etc and did a work back to the year-end figure. Our audit test did not reveal any material misstatement.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Honeywell Flour Mills Plc financial statements for the year ended March 31, 2020", which includes the Directors' Report and the Audit Committee's Report as required by the Companies and Allied Matters CAP C20 LFN 2004 and the Detailed Income Statement, which we obtained prior to the date of this 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 an audit opinion or 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters CAP C20 LFN 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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.

Report of the Independent Auditors
To the Members of Honeywell Flour Mills Plc *cont'd*

As part of an audit in accordance with International Standards on Auditing, 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 related 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report of the Independent Auditors

To the Members of Honeywell Flour Mills Plc *cont'd*

Report on Other Legal and Regulatory Requirements

In accordance with Schedule 6 of the 3 Companies and Allied Matters Act CAP C20 LFN, 2004 we expressly state that:

1. 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;
2. 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
3. The Company's statement of financial position and income statement are in agreement with the books of account and returns.

Mark E. Ariemuduigho
FRC/2013/ICAN/00000002724
For: Bakertilly
(Chartered Accountants)
Lagos, Nigeria
24th July 2020

Statement of Financial Position

As at 31 March, 2020

Assets	Notes	2020 ₦'000	2019 ₦'000
Non-Current Assets			
Property, plant and equipment	5	105,326,911	106,622,428
Intangible assets	6	43,017	36,301
		105,369,928	**106,658,729**
Current Assets			
Inventories	7	17,525,888	14,103,285
Trade and other receivables	8	5,008,244	3,982,683
Prepayments	9	2,044,827	2,064,677
Cash and cash equivalents	10	12,312,405	10,663,070
		36,891,364	**30,813,715**
Total Assets		**142,261,292**	**137,472,444**
Equity and Liabilities			
Equity			
Share capital	11	10,427,140	10,427,140
Reserves		32,905,177	32,905,177
Retained earnings		13,953,476	13,302,984
		57,285,793	**56,635,301**
Liabilities			
Non-Current Liabilities			
Borrowings	12	26,770,433	33,726,562
Retirement benefit obligation	13	-	234,273
Deferred tax	14	4,690,918	4,574,689
		31,461,351	**38,535,524**
Current Liabilities			
Trade and other payables	15	21,487,123	20,443,802
Borrowings	12	31,523,541	21,512,734
Current tax payable	24	503,484	345,083
		53, 514,148	**42, 301,619**
Total Liabilities		**84, 975,499**	**80, 837,143**
Total Equity and Liabilities		**142, 261,292**	**137,472,444**

The financial statements were approved by the Board of Directors on 24th July, 2020 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
Finance Director
FRC/2017/ICAN/00000016847

The accounting policies and the notes on pages 59 to 95 form an integral part of these financial statements

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 March, 2020

	Notes	2020 N'000	2019 N'000
Revenue	16	80,450,397	74,409,113
Cost of sales	17	(66,588,559)	(62,899,939)
Gross profit		**13,861,838**	**11,509,174**
Other operating income	18	116,209	751,469
Selling and distribution expenses	19	(6,035,551)	(6,017,664)
General and administrative expenses	19	(2,444,863)	(2,448,989)
Operating profit	**20**	**5,497,633**	**3,793,990**
Finance costs	22	(4,227,396)	(3,218,867)
Profit before taxation		**1,270,237**	**575,123**
Taxation	24	(619,712)	(539,423)
Police Trust Fund Development levy	23	(33)	-
Profit for the year after taxation		**650,492**	**35,700**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement on net defined benefit liability/asset		-	547,305
Items that may be reclassified to profit or loss:			
Fair value gain on post-employment benefit obligation		-	136,443
Total other comprehensive income	25	-	683,748
Total comprehensive income for the year		**650,492**	**719,448**

The accounting policies and the notes on pages 59 to 95 form an integral part of these financial statements

Statement Of Changes in Equity
for the Year Ended 31 March, 2020

	Share Capital	Share premium	Total share capital	Revaluation reserve Liabilities	Reserve for value of	Total reserve	Retained income	Total equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance at April 1, 2018	3,965,099	6,462,041	10,427,140	32,115,596	105,833	32,221,429	13,743,096	56,391,665
Profit for the year	-	-	-	-	-	-	35,700	35,700
Other comprehensive income	-	-	-	-	683,748	683,748	-	683,748
Dividend	-	-	-	-	-	-	(475,812)	(475,812)
Balance at 31 March, 2019	**3,965,099**	**6,462,041**	**10,427,140**	**32,115,596**	**789,581**	**32,905,177**	**13,302,984**	**56,635,301**
Balance at 1 April, 2019	3,965,099	6,462,041	10,427,140	32,115,596	789,581	32,905,177	13,302,984	**56,635,301**
Profit for the year	-	-	-	-	-	-	650,492	**650,492**
Balance at March 31, 2020	**3,965,099**	**6,462,041**	**10,427,140**	**32,115,596**	**789,581**	**32,905,177**	**13,953,476**	**57,285,793**

The accounting policies and the notes on pages 59 to 95 form an integral part of these financial statements

Statement Of Cash Flows
For the Year Ended 31 March, 2020

Cash flows from operating activities	Notes	2020 ₦'000	2019 ₦'000
Profit before taxation		1,270,237	575,123
Adjustments for:			
Depreciation and amortisation		3,884,048	2,743,933
Finance costs	22	4,227,396	3,218,867
Movements in retirement benefit assets and liabilities		-	470,401
Profit on sale of Property		-	(501,647)
Police Trust Fund Development levy		(33)	-
Changes in working capital:			
Inventories	7	(3,422,603)	(6,258,320)
Trade and other receivables	8	(1,025,561)	(416,405)
Prepayments	9	19,850	887,970
Payment of retirement benefit	13	(234,273)	(95,082)
Trade and other payables	15	1,043,321	8,112,380
Cash generated from operations		**5,762,382**	**8,737,220**
Under provision for tax in prior year		-	78,142
Tax paid	24	(345,084)	(498,973)
Net cash from operating activities		**5,417,298**	**8,316,389**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2,574,004)	(9,950,946)
Sale of property, plant and equipment	5	-	4,301,671
Purchase of other intangible assets	6	(21,243)	(27,816)
Net cash from investing activities		**(2,595,247)**	**(5,677,091)**
Cash flow from financing activities			
Finance costs	22	(4,227,396)	(3,218,867)
Dividend paid		-	(475,812)
Increase in borrowings	12	2,910,054	4,471,250
Net cash from financing activities		**(1,317,342)**	**776,573**
otal cash movement for the year		1,504,709	3,415,871
Cash at the beginning of the year		7,850,710	4,434,839
Total cash at end of the year	10	**9,355,419**	**7,850,710**

The accounting policies and the notes on pages 59 to 95 form an integral part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 March, 2020

1. Corporate Information

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 the 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 manufacturing and marketing of wheat-based products including Flour, Semolina, Whole Wheat Meal, Noodles and Pasta.

2. Basis of Preparation

i. Statement of Compliance

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act 71 of 2008, 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.

ii. Basis of Measurement

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below.

iii. Functional and Presentation Currency

They are presented in Naira, which is the company's functional currency.

iv. 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;
- provisions and contingencies; and
- measurement of Expected Credit Loss (ECL) allowances for the trade and other receivables and key assumptions in determining the weighted-average loss rate.

3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 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.

3.2 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 acquirer 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; 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.

3.3 Segmental 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, making strategic decisions and assessing performance of the operating segments, has been identified as the Board of Directors.

The Company's business operating segments are identified by three factories located at Apapa, Ikeja and Sagamu.
The basis of segmental reporting is disclosed in the note.

3.4 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'.

3.5 Changes in Significant Accounting Policies

The Company has initially applied IFRS 15 (see (i)), IFRS 16(see (ii)), and IFRS 9 (see (iii)) from 1 April 2019. A number of other new standards are also effective from 1 January 2019 but do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these Financial Statements have been restated to reflect the requirements of the new standards.

The effect of initially applying these standards is mainly attributed to the following; -increase in impairment losses recognised on financial assets (see iii)

i. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control (at a point in time or over time) requires judgment.

An entity recognises revenue in accordance with that core principle by applying the following steps: -

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 April, 2019). Accordingly, the information presented for 2019 has not been restated i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

There have been no material impact of transition to IFRS 15 on retained earnings at 1 April 2019.

ii. IFRS 16 Lease

The Company has adopted IFRS 16, "Leases" as issued by the IASB in July 2014 with a date of transition of 1 January 2019, which resulted in changes in accounting policies.

As permitted by the transitional provision of the standard, the Company has chosen the modified retrospective approach to the application of IFRS 16. This approach allows the Company not to restate comparative financial information. The major impact of the adoption of this standard is that the company will be required to capitalize all leases (i.e. recognize a right-of-use asset and a lease liability) with the exemption of certain short-term leases and leases of low-value assets.

There have been no material impacts of transition to IFRS 16 on retained earnings at 1 April, 2019.

iii. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

a. Classification and Measurement of Financial Assets and Financial Liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

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For the Year Ended 31 March, 2020 *cont'd*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.
The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities

b. Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 31 March 2019 results in additional allowance for impairment as shown below.

In thousands of naira	₦'000
Loss allowance as at 31 March, 2019 under IAS 39	490,830
Additional impairment recognised at 31 March, 2019 on:	
Trade and receivables	28,804
Cash and cash equivalent	3,864
Restated loss allowance as at 31 March, 2019	**523,498**

Additional information on how the Company measures the allowance for impairment is described in Note 8. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

3.6 Property, Plant and Equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Property, plant and equipment is subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made within 3 to 5 years such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

The fair value represents 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 assuming the following:

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

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged on an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or de-recognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average useful life
Buildings	Straight line	20 – 60 years
Office Furniture and Equipment	Straight line	2- 10 years
Plant and Machinery	Straight line	2 -25 years
Motor vehicles	Straight line	4 years

Land is Not Depreciated

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the de-recognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is de-recognised.

3.7 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 is between 2 to 10 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted for where appropriate.

Impairment tests are performed on intangible assets when there is an indicator that they may be impaired. When the carrying amount of an item of intangible assets is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of intangible assets is de-recognised upon disposal or when no future economic benefits are expected from its continued use.

3.8 Financial Instruments

i. Recognition and Initial Measurement

The Company initially recognizes trade and other receivables on the date that they are originated. All other financial assets and financial liabilities are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and Subsequent Measurement

Financial assets — Policy applicable from 1 April 2019.

On initial recognition, a financial asset is classified as measured at:

- Amortized cost; fair value through other comprehensive income (FVOCI)
- Debt investment; FVOCI
- Equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and, its contractual terms give rise on specified dates to cash flows that are solely payments of principal.
- a debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Financial Assets - Business Model Assessment: Policy Applicable from 1 April, 2019.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial Assets — Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 April, 2019

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; - prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specialized assets (e.g. non—recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Assets — Subsequent measurement and gains and losses: Policy applicable from 1 April, 2019

A prepayment feature is consistent with the "solely payments of principal and interest criterion" if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Financial Statements
For the Year Ended 31 March, 2020 *cont'd*

Financial Assets — Subsequent measurement and gains and losses: Policy applicable from 1 April, 2019

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the cost effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial Liabilities — Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss. Financial liabilities — Classification, subsequent measurement and gains and losses.

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

iii. De-recognition

Financial Assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial Liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments..

Trade and Other 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 original 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.

Trade and Other 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Cash and Cash Equivalents

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.

Cash and cash equivalents are stated at carrying amount, which is deemed to be fair value.

Borrowings

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.

3.9 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'.

3.10 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 Expense

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, etc.) Act, 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 Exposure

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.

3.11 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as Lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15

3.12 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 First in First out (FIFO) 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. Goods in transit are stated at purchase cost incurred to date.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Strategic Spare Parts and Servicing Equipment

Strategic spare parts and servicing equipment are usually carried as inventory and recognized in profit or loss using the weighted average cost method 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.

3.13 Impairment of Assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- Tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.14 Share Capital and Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amount[received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability to the company in which they are declared.

3.15 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 other comprehensive income in the period in which they arise. Past service costs are recognized immediately in income statement.

The company's defined benefit plan was discontinued and the balance was fully paid out during the year, see note 13.

ii. Defined Contribution Plans

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 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.

Defined Benefit Plans

For defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the company is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

3.16 Provisions and Contingencies

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.

Notes to the Financial Statements
For the Year Ended 31 March, 2020 *cont'd*

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 Measure

- 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 time basis in accordance with credit terms.
- Credit utilization reports 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 the change in value of the market risk factors. The Company is faced with the following market risk factors:
- Interest rate risk: - The risk that interest rate will change adversely at the money market.
- Foreign exchange risk: - The risk that foreign exchange rates will fluctuate unfavorably at the foreign exchange market.
- Commodity risk: - The risk that wheat prices will 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 the 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 the 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 take proactive decisions on a timely basis.
- The commodity risk affects the global milling industry as the 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 price.

3.17 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.

3.18 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.

3.19 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.

3.20 Cost of Sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.21 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:-

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 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.
- 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.
- 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 the review of the Management and Board. Performance are monitored and compared with budgets.

4. Standards and Interpretations issued/amended but not yet effective

The standards listed below have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2019. The Bank has not applied the following new or amended standards in preparing these financial statements as it plans to adopt these standards at their respective effective dates if applicable to them. Insights on these new standards/amendments are provided below.

a. Amendments to IFRS 3 (Business Combination)

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which centers majorly on the definition of a Business. The effective date is on or after 1st January 2020.

The considerations include:

- To be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:
- Narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
- Adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and

- Adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

b. Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of 'material'. The amendments are intended to clarify, modify and ensure that the definition of 'material' is consistent across all IFRS. In IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of 'material' is quoted below:

> "An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity"

The amendments laid emphasis on five (5) ways material information can be obscured. These include:

- If the language regarding a material item, transaction or other event is vague or unclear;
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- If dissimilar items, transactions or other events are inappropriately aggregated;
- If similar items, transactions or other events are inappropriately disaggregated; and
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material. The amendments are effective for annual reporting periods beginning on or after 1st January 2020.

c. IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. It also requires similar principles for reinsurance contracts held and issued investment contracts with discretionary participation features. The standard brings a greater degree of comparability and transparency about an insurer's financial health and the profitability of new and in-force insurance business.

IFRS 17 introduces a general measurement model that measures groups of insurance contracts based on fulfilment cash flows (comprising probability-weighted current estimates of future cash flows and an explicit entity-specific adjustment for risk) and a contractual service margin. The premium allocation approach (PAA) is a simplified measurement model that may be applied when certain conditions are fulfilled. Under the PAA approach, the liability for remaining coverage will be initially recognized as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. The general measurement model has specific modifications applicable to accounting for reinsurance contracts, direct participating contracts and investment contracts with discretionary participation features.

In June 2019, the IASB proposed targeted amendments to IFRS 17 which aim to ease implementation of the standard. The

Notes to the Financial Statements

For the Year Ended 31 March, 2020 *cont'd*

5. Property, Plant and Equipment

	Cost or Revaluation ₦'000	Accumulated Depreciation ₦'000	2020 Carrying Value ₦'000	Cost or Revaluation ₦'000	Accumulated Depreciation ₦'000	2019 Carrying Value ₦'000
Land	11,026,350	-	11,026,350	11,026,350	-	11,026,350
Buildings	41,568,174	(3,698,806)	37,869,368	41,568,174	(2,638,429)	38,929,745
Plant and machinery	47,721,062	(13,781,421)	33,939,641	47,283,840	(11,225,305)	36,058,535
Office Furniture and Equipment	536,081	(418,196)	117,885	501,993	(363,623)	138,370
Motor vehicle	1,838,633	(1,360,255)	478,378	1,690,409	(1,161,800)	528,609
Capital work-in-progress	21,895,289	-	21,895,289	19,940,819	-	19,940,819
Total	**124,585,589**	**(19,258,678)**	**105,326,911**	**122,011,585**	**(15,389,157)**	**106,622,428**

Cost	Land ₦'000	Buildings ₦'000	Plant and Machinery ₦'000	Office Furniture& Equipment ₦'000	Motor Vehicles ₦'000	Capital WIP ₦'000	Total ₦'000
At April 1, 2018	9,460,603	26,670,477	33,586,644	431,541	1,497,880	44,214,960	115,862,105
Additions	-	29,700	316,200	12,728	193,869	9,398,449	9,950,946
Disposals and scrapping	(3,800,000)	-	-	(126)	(1,340)	-	(3,801,466)
Reclassifications	5,365,747	14,867,997	13,380,996	57,850	-	(33,672,590)	-
At March 31, 2019	**11,026,350**	**41,568,174**	**47,283,840**	**501,993**	**1,690,409**	**19,940,819**	**122,011,585**
Additions	-	-	431,822	39,488	148,224	1,954,470	2,574,004
Reclassification	-	-	5,400	(5,400)	-	-	-
At March 31, 2020	**11,026,350**	**41,568,174**	**47,721,062**	**536,081**	**1,838,633**	**21,895,289**	**124,585,589**

Depreciation	Land ₦'000	Buildings ₦'000	Plant and Machinery ₦'000	Office Furniture& Equipment ₦'000	Motor Vehicles ₦'000	Capital WIP ₦'000	Total ₦'000
At April 1, 2018	-	(1,996,313)	(9,397,689)	(327,075)	(930,966)	-	(12,652,043)
Disposals	-	-	-	126	1,316	-	1,442
Charged for the year	-	(642,116)	(1,827,616)	(36,674)	(232,159)	.-	(2,738,556)
At March 31, 2019	**-**	**(2,638,429)**	**(11,225,305)**	**(363,623)**	**(1,161,800)**	**-**	**(15,389,157)**
Charged for the year	-	(1,060,377)	(2,556,110)	(54,579)	(198,455)	-	(3,869,521)
Reclassification	-	-	(6)	6	-	-	-
At March 31, 2020	**-**	**(3,698,806)**	**(13,781,421)**	**(418,196)**	**(1,360,255)**	**-**	**(19,258,678)**

Carrying Amount							
At March 31, 2019	11,026,350	38,929,745	36,058,535	138,368	528,609	19,940819	106,622,428
At March 31, 2020	11,026,350	37,869,368	33,939,641	117,885	478,378	21,895,289	105,326,911

Depreciation expenses of ₦3,507 billion (2019: ₦2.362 billion) has been charged in 'cost of goods sold', ₦85.604 million (2019: ₦136.296 million) in 'selling and distribution costs' and ₦276.908 million (2019:N240.537 million) in administrative expenses'.

Property, plant and equipment were professionally revalued on 1 April, 2016 by Ubosi Eleh & Co (Estate Surveyors and Valuers) FRC/2015/NIESV/00000013406 on the Open Market Valuation basis and are used as reference to determine their fair value in the financial year.

6. Intangible Assets

	Cost Valuation ₦'000	Accum'd Amortisation ₦'000	2020 Carrying Value ₦'000	Cost Valuation ₦'000	Accum'd Amortisation ₦'000	2019 Carrying Value ₦'000
Computer software	101,988	(58,971)	43,017	80,745	(44,444)	36,301

Reconciliation of Intangible Assets:

	Opening balance ₦'000	Additions ₦'000	Amortisation ₦'000	Total ₦'00
Computer software -2020	36,301	21,243	(14,527)	43,017
Computer software -2019	13,862	27,816	(5,377)	36,301

7. Inventories

	2020 ₦'000	2019 ₦'000
Raw and packaging materials	4,627,292	1,323,078
Working in progress	66,625	244,675
Finished goods	771,904	1,223,098
Consumables and Maintenance spares	1,727,895	1,607,325
Goods in transit	10,459,276	9,763,717
	17,652,992	14,161,893
Inventories (write-down)	(127,104)	(58,608)
	17,525,888	**14,103,285**

The amount of write down of inventories is recognised as an expenses in cost of sale

8. Trade and Other Receivables

Financial instrument:		
Trade receivables	1,308,536	1,647,558
Loss allowance	(495,433)	(519,634)
Trade receivables at amortised cost	813,103	1,127,924
Other Receivables – related parties	4,006,474	2,678,013
Other Receivables – Miscellaneous	188,667	176,746
Total trade and other receivables	**5,008,244**	**3,982,683**

Split between non-current and current portions

Non-current assets	-	-
Current assets	5,008,244	3,982,683
	5,008,244	3,982,683

* *Other receivables represent receivables due from customers on services rendered which are outside the primary activities of the Company.*

** *Other receivables- related parties represent balances due from Uraga Real Estate Limited, Anchorage Leisures Limited, Honeywell Oil and Gas Ltd and Uraga Power Solutions Limited as at 31 March, 2020.*

Financial instruments and non-financial instruments components of trade and other receivables.

At amortised cost	5,008,244	3,982,683

Exposure to Credit Risk

Trade receivables inherently exposes the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

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 ₦461,021,630 (2019: ₦413,232,328) as at 31 March, 2020. A total number of Thirty five (35) Credit customers were insured against default as at 31 March, 2020 (2019: 36 Credit Customers)

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers, as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

Trade receivables arise from both wholesale and retail sales. The customer base for retail trade is large and widespread, with a result that there is no specific significant concentration of credit risk from these trade receivables. Wholesale trade, while also large and widespread is geographically spread within the country. Management therefore assesses and monitors credit risk internally along these risk concentrations (Retail, wholesale country wide).

As at 31 March, 2020, trade receivables of ₦802 million (2019: ₦1.106 billion) were neither past due nor impaired. These relate to a number of independent customers for whom there is no recent history of default. Analyses of customer credit risk were performed on the customers.

The average credit period on trade receivables is 15 days (2019: 15 days) No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery. For example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach, as is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2020 Estimated Gross carrying Amount At default ₦'000	2020 Loss allowance (lifetime expected credit loss) ₦'000	2019 Estimated Gross carrying amount at default ₦'000	2019 Loss allowance (lifetime expected credit loss) ₦'000
Expected Credit Loss Rate:				
Less than 30 days	802,472	24,374	1,106,069	33,680
31-90 days past due	26,774	2,718	58,748	5,945
91-180 days past due	7,932	2,012	1,796	673
181-365 days past due	6,739	1,710	2,569	960
More than 365 days past due	464,619	464,619	478,376	478,376
	1,308,536	**495,433**	**1,647,558**	**519,634**

Reconciliation of Loss Allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for Trade receivables

Opening balance in accordance with IAS 39 Financial Instruments:

	2020 ₦'000	2019 ₦'000
Recognition and Measurement	-	(490,830)
Adjustment upon application of IFRS 9	-	(28,804)
Opening balance in accordance with IFRS 9	**(519,634)**	**(519,634)**
Amount recovered	13,756	-
Provisions reversed on settled trade Receivable	10,445	-
Closing balance	**(495,433)**	**(519,634)**

Trade receivables to the extent of ₦1.592 million have been written off but are subject to enforcement activity. All other receivables which have been written off are not subject to enforcement activity.

9. Prepayments

Prepaid Import Duty	1,043,035	899,892
Advance Payment to Vendors	821,758	847,673
Others	180,034	317,112
	2,044,827	**2,064,677**

10. Cash and Cash Equivalents

	2020 ₦'000	2019 ₦'000
Cash and cash equivalent consist of:		
Cash on hand	4,660	6,664
Bank balances	9,621,425	6,202,723
Short-term deposit	2,688,583	4,457,547
	12,314,668	10,666,934
Expected credit loss	(2,263)	(3,864)
	12,312,405	**10,663,070**
Cash and cash equivalent is reconciled to the cash flow statement as follows:		
Cash and cash equivalent	12,312,405	10,663,070
Bank overdraft	(2 956,986)	(2,812,360)
	9,355,419	**7,850,710**

* *Bank balance as at 31 March, 2020 includes an amount of ₦7.324 billion (2019: ₦1.228 billion) representing the CBN mandatory deposit for foreign exchange bidding to be held by CBN for a maximum of 14 days. This deposit bears no interest.*

** *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.*

There are no material difference between the fair value and the carrying amount of cash and cash equivalent.

11. Share Capital

	2020	2019
Authorised	**₦'000**	**₦'000**
8,000,000,000 ordinary shares of 50k each	4,000,000	4,000,000
Issued		
Ordinary	3,965,099	3,965,099
Share premium	6,462,041	6,462,041
	10,427,140	**10,427,140**

12. Borrowings

	2020 ₦'000	2019 ₦'000
Held at amortised cost		
Term loan *	55,336,988	52,426,936
Overdraft **	2,956,986	2,812,360
	58,293,974	**55,239,296**

Split between non-current and current portions		
Non-current liabilities	26,770,433	33,726,562
Current liabilities	31,523,541	21,512,734
	58,293,974	**55,239,296**

* *Bank term loans and overdraft are secured by legal mortgage over company's property, plant and equipment, all assets' debenture, and Corporate guarantee of Pivot Engineering Limited. The import finance facilities are secured by consignment of shipping documents for the raw material and Corporate guarantee of Pivot Engineering Limited.*

** *Bank overdraft represents the First Bank of Nigeria Limited advised overdraft line obtained in January 2017 to support working capital with an agreed interest rate of 16% per annum. Discussion for renewal of the line is still in progress with the Bank. However, an extension of 60 days pending conclusion of the renewal process which commenced on 19 March, 2020 was agreed. Post year-end review showed this has now be extended for another 90 days.*

The fair value of current borrowings and overdraft equal their carrying amount, as the impact of discounting is not significant.

Exposure to Currency Risk

The carrying amount of trade and other receivables are denominated in Naira. However, refer to note 15 for exposure to currency risk on trade and other payables.

Exposure to Interest Rate Risk

The company is exposed to interest rate risk on borrowings. Rising interest rates would result in the values of borrowings declining. Management monitors interest rate curves and disposes of borrowings when forecasts predict a potential significant decline in value of borrowings.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

The carrying amounts and fair value of the non-current borrowings are as follow:

	Carrying amount 2020 ₦'000	Carrying amount 2019 ₦'000	Fair value 2020 ₦'000	Fair value 2019 ₦'000
Polaris Bank (i)	-	1,338,848	-	1,338,848
First Bank of Nigeria Limited- Term Loan (ii)	10,665,986	11,847,351	10,665,986	11,847,351
First Bank Nigeria Limited (CBN intervention Fund) (iii)	166,666	333,333	166,666	333,333
Fidelity Bank Term Loan (iv)	-	814,500	-	814,500
Bank of Industry Limited (v)	3,187,781	4,392,530	3,187,781	4,392,530
Fidelity Bank Plc RSSF (vi)	8,250,000	10,000,000	8,250,000	10,000,000
Polaris Bank Limited RSSF (vii)	4,500,000	5,000,000	4,500,000	5,000,000
	26,770,433	**33,726,562**	**26,770,433**	**33,726,562**

i. Polaris Bank Limited term loan was fully paid during the year.

ii. First Bank of Nigeria Limited Term loan was obtained in January 2017 to ease the Company's cash flow. The facility has a tenor of 3 years (36 months), quarterly repayment of principal and interest, and interest rate of 16% per annum. Discussion for restructuring of the loan is still in progress with the Bank. However, an extension of 60 days pending conclusion of the renewal process which commenced on 19 March, 2020 was agreed. Post year-end review showed this has now been extended for another 90 days.

iii. This represent First Bank of Nigeria Limited's Central Bank of Nigeria/Bank of Industry Intervention Fund (term loan) of ₦666,666,666. The loan has a tenor of seven (7) years, and interest rate of 7% interest per annum with effect from January 2017. This is currently being covered by extension letter discussed in (ii) above.

iv. Fidelity Bank Term loan was fully paid out during the year.

v. 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 restructured tenor extended to February 2023, with 12 months moratorium on principal repayment between January to December 2018. This facility is domiciled with Polaris Bank Limited.

vi. The Company obtained a loan of ₦10,000,000,000 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%.

vii. A loan of ₦5,000,000,000 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%.

Notes to the Financial Statements

For the Year Ended 31 March, 2020 *cont'd*

13. Retirement

Carrying value	**2020 ₦'000**	**2019 N'000**
At 1 April	234,273	1,715,379
Interest cost	-	272,000
Current service charge	-	198,401
Benefit paid	(234,273)	(95,082)
Actuarial (gain)/loss	-	(547,305)
	-	1,543,393
Fair value of plan assets	-	(1,309,120)
	-	234,273

The defined benefit plan was fully funded during the year and transferred to the individual staff RSA account with their PFA.

14. Deferred Tax

Deferred Tax Liability

Property, plant and equipment	4,690,918	4,574,689

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset/(liability)

At the beginning of the year	(4,574,689)	(4,458,492)
Taxable/(deductible) temporary difference		
Movement on tangible fixed assets	(116,229)	(116,197)
	(4,690,918)	**(4,574,689)**

15. Trade and Other Payables

Trade payables	2,338,789	1,487,841
Trade payables- Related parties	-	2,971,753
Deposit by customers	3,017,733	2,300,438
Pension and sundry taxes	14,653	8,017
Unclaimed dividend (15.1)	222,583	157,545
Accrued liabilities (15.2)	15,893,365	13,518,208
	21,487,123	**20,443,802**

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.

15.1. 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.

15.2. Accrued liabilities represent contractual liabilities that relate respectively to expenses that were incurred but not paid for at the year end, detailed as follows:

	2020 ₦'000	2019 ₦'000
Unconfirmed letter of credit	10,459,276	9,763,718
Accrued finance cost	3,221,037	1,043,497
Others	2,213,052	2,710,993
	15,893,365	13,518,208

Exposure to Currency Risk

The net carrying amounts, in Naira, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Naira by converting the foreign currency amount at the closing rate at the reporting date.

Naira amount

Naira	21,487,090	20,443,802

16. Revenue

Revenue from contracts with customers

Sale of goods	80,450,397	74,409,113

Revenue by geographical location of customers:

The company disaggregates revenue from customers as follows:

Domestic (within Nigeria)	80,450,397	74,409,113
Export (outside Nigeria)	-	-
	80,450,397	**74,409,113**

Segment Reporting

The Company's business operating segments are identified by three (2019: two) factories located at Ikeja, Sagamu and Apapa. The Apapa segment manufactures Flour, Semolina, whole wheat meal, pastry flour, bakers' delight and brown flour while Ikeja and Sagamu segments manufactures Noodles and Pasta respectively.

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 reviews 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 segment. Below is the summary of the operations from the three (2019:two) segments of the Company:

31 March, 2020	Apapa ₦'000	Ikeja ₦'000	Sagamu ₦'000	Total ₦'000
Revenue	64,783,514	6,374,180	9,292,703	80,450,397
Cost of sales	(56,297,560)	(4,186,965)	(6,104,036)	(66,588,561)
Gross profit	**8,485,954**	**2,187,215**	**3,188,667**	**13,861,836**
Other trading and operating income	70,366	34,382	11,461	116,209
Selling and distribution expenses	(3,319,553)	(1,207,110)	(1,508,888)	(6,035,551)
Administrative expenses	(1,330,916)	(498,802)	(615,146)	(2,444,864)
Operating profit	**3,905,851**	**515,685**	**1,076,094**	**5,497,633**

31 March, 2019	Apapa N'000	Ikeja N'000	Sagamu N'000	Total N'000
Revenue	62,141,456	12,267,657	-	74,409,113
Cost of sales	(52,501,870)	(10,398,069)	-	(62,899,939)
Gross profit	**9,639,586**	**1,869,588**	**-**	**11,509,174**
Other trading and operating income	655,964	95,505	-	751,469
Selling and distribution expenses	(4,994,661)	(1,023,003)	-	(6,017,664)
Administrative expenses	(2,094,678)	(354,311)	-	(2,448,989)
Operating profit	**3,206,211**	**587,779**	**-**	**3,793,990**

17. Cost of Sales

	2020 ₦'000	2019 ₦'000
Cost of sales is analysed by nature as follows:		
Raw and packaging materials consumed	57,236,117	55,293,366
Employee costs	1,462,844	1,412,858
Depreciation	3,507,009	2,361,724
Plant maintenance and power cost	2,956,876	2,620,755
Factory rent and rates	139,512	123,845
Insurance	80,652	64,311
Other manufacturing expenses	1,205,549	1,023,080
	66,588,559	**62,899,939**

18. Other Operating Income

Sale of by-product	30,160	175,078
Net gain on sale of property	-	501,647
Sundry income	86,049	74,744
	116,209	**751,469**

Notes to the Financial Statements

For the Year Ended 31 March, 2020 *cont'd*

19. Operating Expenses by Nature

The total of selling and distribution expenses, and administrative expenses, are analysed by nature as follows:

	2020 ₦'000	2019 ₦'000
Employee costs	1,442,687	1,432,536
Delivery expenses	1,954,878	2,541,920
Audit fees	25,000	25,000
Consulting and professional services	70,377	70,592
Security	168,997	116,148
Subscriptions	127,355	65,156
Travel	321,616	303,170
Entertainment	103,420	94,755
Lease expenses	68,365	53,642
Bank charges	87,590	89,640
Depreciation, amortisation	362,512	376,832
Amortisation	14,527	5,377
Other expenses	3,733,090	3,291,885
	8,480,414	**8,466,653**

Reconciled to the disclosure by function in the income statement as follow

Selling and distribution expenses	6,035,551	6,017,664
Other expenses	2,444,863	2,448,989
	8,480,414	**8,466,653**

20. Operating Profit Before Tax

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Audit fees	25,000	25,000
Consulting and professional services	70,377	70,592
Employee costs	2,905,531	2,845,394
Finance cost	4,227,396	3,218,867
Director emolument	51,186	48,230
Total depreciation and amortisation	3,884,052	2,743,930
Net gain on sale of property	-	(501,647)

Notes to the Financial Statements

For the Year Ended 31 March, 2020 *cont'd*

21. Emoluments of Chairman, Directors and Employees

21.1 Chairman and Directors

		2020 ₦'000	2019 ₦'000
Fees:			
Chairman		1,600	1,600
Others Directors		11,651	13,278
		13,251	14,878
Other Emoluments:			
Chairman	-	-	
Others Directors		39,935	33,352
		39,935	33,352
Total emoluments		**53,186**	**48,230**

Number of directors (excluding the Chairman) whose emoluments were within certain ranges were:

	Number	Number
below ₦5,000,000	7	9
₦5,000,000 - ₦10,000,000	-	-
₦10,000,001 and above	2	3

No director waived his/her right to receive emoluments.

No pension was paid to the existing and past directors

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

21.2 Employees

As at 31 March, 2020 the company had 819 permanent employees (2019:785). Employee benefits expense is made up of the following for all employees, excluding executive directors:

	2020 ₦'000	2019 ₦'000
Basic	1,306,703	1,111,843
Commissions	635,972	566,957
Bonus	36,024	1,915
Medical aid - company contributions	149,698	69,908
Furniture	264,880	237,744
Gratuity	-	434,484
Other payroll levies	43,031	37,657
Leave pay provision charge	152,677	147,427
Short term benefit 1	279,777	212,756
Termination benefit	36,769	24,703
	2,905,531	**2,845,394**

	2020 ₦'000	2019 ₦'000
Reconciliation of employees cost charged as follows:		
Cost of sales	1,462,844	1,412,858
Operating expenses	1,442,687	1,432,536
	2,905,531	**2,845,394**

Average number of persons employed during the year		
Administration	264	250
Factory	430	423
Management	7	7
Sales and marketing	118	105
	819	**785**

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

Below 1,000,000			492	472
1,000,001	-	2,000,000	109	115
2,000,001	-	3,000,000	84	82
3,000,001	-	4,000,000	36	41
4,000,001	-	5,000,000	20	34
5,000,001	-	6,000,000	29	21
6,000,001 and above			49	20
			819	**785**

22. Finance Cost

	2020 ₦'000	2019 ₦'000
Interest on borrowings and overdraft	4,227,396	3,218,867

23. Police Trust Fund Levy

Profit for the year after taxation	650,492	35,700
0.005% thereof	33	-

The Police Trust Fund Development levy represents the contribution of the company to the development of the Police Force. This is in compliance with the Nigeria Police Trust Fund Act passed by National Assembly in April 2019 and signed into law by the President on 24 June, 2019. The levy represents 0.005% of the net profit after company income tax of the companies operating business in Nigeria.

Notes to the Financial Statements
For the Year Ended 31 March, 2020 *cont'd*

24. Taxation

24.1. Income Tax Expense

	2020 ₦'000	2019 ₦'000
Current		
Corporate income tax – current period	402,833	219,952
Education tax	100,652	75,132
Capital gain tax	-	50,000
Under provision in prior year	-	78,142
	503,485	**423,226**
Deferred		
Reversing temporary differences	116,227	116,197
	619,712	**539,423**

24.2. Current Tax Payables

At 1 April	345,083	420,830
Under provision in prior year	-	78,142
Charges for the year	503,485	345,084
	848,568	**844,056**
Payment during the year	(345,084)	(498,973)
	503,484	**345,08**

24.3 Reconciliation of the Tax Expenses - Effective Tax Rate

	2020 ₦'000	2019 ₦'000
Reconciliation between accounting profit and tax expense		
Accounting profit	1,270,234	575,126
Tax at the applicable tax rate of 32% (2019:32%)	406,475	184,039
Tax effect of adjustments on taxable income;		
Profit on disposal of assets	-	(160,527)
Disallowed expenses	1,278,921	1,212,565
Other allowable income	-	(4,066)
Retirement benefit paid	(74,967)	(30,426)
Capital gain tax	-	50,000
Minimum tax	402,833	219,952
Capital allowances	(1,509,777)	(1,126,987)
Balancing charge	-	534
	503,485	**345,084**
Effective Tax Rate	**40%**	**60%**

Notes to the Financial Statements
For the Year Ended 31 March, 2020 *cont'd*

25. Other Comprehensive Income -2019

Items that will not be reclassified to profit/(loss):

	Gross	tax	Net
	₦'000	₦'000	₦'000
Re-measurements defined benefit liability	547,305	-	547,305
Items that may be reclassified to profit/(loss):			
Fair value gain on post-employment obligation	136,443	-	136,443
Total	**683,748**	**-**	**683,748**

26. Depreciation and Amortisation Reconciled to the Cash Flow as Follows

Depreciation	2020 ₦'000	2019 ₦'000
Operating expenses	362,512	376,832
Cost of sales	3,507,009	2,361,724
	3,869,521	**2,738,556**
Amortisation	14,527	5,377
	3,884,048	**2,743,933**

27. 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, 2020.

28. Contingencies

There are litigations against the Company as at 31 March, 2020 the outcome of which had not been determined.

However, the directors, having sought legal advice from 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 in that respect

29. Related Parties

The directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Notes to the Financial Statements
For the Year Ended 31 March, 2020 *cont'd*

a. Related Parties Transactions

The company enters into transactions with some companies in which the chairman, Dr. Oba Otudeko has significant interest (related parties) in the normal course of business and at normal market prices.

The details of transactions and balances outstanding at the end of year are as follows:

Due to related parties

	Nature of Transaction	Opening balances	Transactions during the Year	Total
		₦'000	₦'000	₦'000
Hudson Petroleum	Borrowings	2,971,753	(2,971,753)	-
		2,971,753	**(2,971,753)**	-

Uraga Real Estates Ltd	Borrowings	150,000	-	150,000
Anchorage Leisure Ltd	Borrowings	574,557	-	574,557
Honeywell Oil & Gas Ltd	Borrowings	296,058	-	296,058
Uraga Power Solution Ltd	Borrowings	449,664	-	449,664
		1,470,279	-	1,470,279
Uraga Power Solution Ltd	Lease	1,207,734	1,328,461	2,536,195
		2,678,013	**1,328,461**	**4,006,474**

b. Transactions with Key Management Personnel

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes.

No key management personnel or their immediate relatives engaged in transactions with the Company during the year (2019: Nil).

30. IFRS Transition Adjustment and Reclassification

During the year, the Company adopted IFRS 9 and assessed its financial assets using the Expected credit loss (ECL) model. The comparative balances at 31 March, 2019 has been adjusted for an impairment allowance of ₦28,803,784 on Trade receivable and ₦3,863,847 on cash and cash equivalent accordingly.

Also some comparative balances were reclassified to give a better presentation;

i. An amount of ₦89,639,521.40 representing bank charges was reclassified to Administrative expenses from Finance cost.

ii. Prepayment of ₦2,064,677,000 was reclassified from Trade and other current receivable and shown as a separate line item on the Statements of Financial position,

iii. Share premium was merged with share capital and shown as a line item on Statement of financial position, showing the details in the Statement of Changes in Equity and the notes.

Notes to the Financial Statements

For the Year Ended 31 March, 2020 *cont'd*

These adjustments and reclassifications are summarised below.

31 March, 2019 Assets	Audited Balances ₦'000	IFRS Adjustment ₦'000	Reclass-ification ₦'000	Restated Balances ₦'000
Trade and other current receivables	6,076,164	(28,804)	(2,064,677)	3,982,683
Prepayment	-	-	2,064,677	2,064,677
Cash and cash equivalents	10,666,934	(3,864)	-	10,663,070
Others	120,762,014	-	-	120,762,014
Total assets	**137,505,112**	**(32,668)**	**-**	**137,472,444**
Equity				
Share capital	(3,965,099)	-	(6,462,041)	(10,427,140)
Share premium	(6,462,041)	-	6,462,041	-
Retained Earnings	(46,240,829)	32,668	32,905,177	(13,302,984)
Reserves	-	-	(32,905,177)	(32,905,177)
Total Equity	**(56,667,969)**	**32,668**	**-**	**(56,635,301)**
Income Statement				
Administrative expenses	2,326,681	32,668	89,640	2,448,989
Finance cost	3,308,507	-	(89,640)	3,218,867

31. Significant Judgment 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 values represent 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.

32. Going Concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

33. Operating Leases

The Company leases offices and warehouse facilities under operating leases. The leases typically run for a period of one to three years, with an option to renew the lease at the end of the lease period. Lease rentals are paid upfront and included in prepayments, which are amortised to the profit or loss over the life of the lease on a straight line basis. Lease rental charge in current year amounted to ₦68.365 million (2019: ₦53.642 million).

There were no lease commitments at the end of the year (2019: Nil).

34. Events after the Reporting Period

At the end of March, 2020, the President of the Federal Republic of Nigeria mandated a lockdown of Lagos and Ogun States in reaction to the global pandemic 'Covid 19'. All companies in Lagos and Ogun states were accordingly mandatorily closed down or scaled down operations significantly. This may likely affect the operations and operational performance of the company in the coming year. As at the time of this report however, we are not in a position to determine the extent to which the company will be affected by this development.

No material transactions have occurred after the reporting period requiring disclosure in or adjustment to the financial statements for the year ended 31 March, 2020

35. Approval of the Financial Statements

These financial statements were approved by the Board of Directors of the company on 24 July, 2020.

Other Notional Disclosures

STATEMENT OF VALUE ADDED
For the Year Ended 31 March, 2020

"Value added" is the measure of wealth the group has created in its operations by "adding value" to the cost of products and services. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the company for the replacement of assets and the further development of operations.

	2020 ₦'000	%	2019 ₦'000	%
Turnover	80,450,397		74,409,114	
Other operating income	116,209		751,469	
Bought - in materials and services;				
-Foreign	(42,988,155)		(44,192,479)	
-Local	(25,291,239)	-	(21,584,787)	-
Total Value Added	**12,287,212**	**100**	**9,383,317**	**100**
Value Distributed				
To Pay Employees				
Salaries, wages, medical and other benefits	2,905,531	24	2,845,394	30
To Pay Providers of Fund				
Finance costs	4,227,396	34	3,218,867	34
To Pay Government				
Income tax	503,485	4	423,226	5
Police Trust Fund Development levy	33	-	-	-
Retained for future expansion and wealth creation:				
Depreciation, amortisation and impairments	3,884,048	32	2,743,933	29
Deferred tax	116,227	1	116,197	1
Retained earnings	650,492	5	35,700	1
Total Value Distributed	**12,287,212**	**100**	**9,383,317**	**100**

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

FIVE YEAR FINANCIAL SUMMARY
For the Year Ended 31 March, 2020

Statement of Financial Position

Assets	2020 ₦'000	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000
Non-current assets	105,369,928	106,658,729	103,210,062	100,118,393	53,757,796
Current assets	36,891,364	30,813,715	21,624,951	13,033,321	22,288,780
Total assets	**142,261,292**	**137,472,444**	**124,835,013**	**113,151,714**	**76,046,576**
Liabilities					
Non-current liabilities	31,461,351	38,535,524	40,236,091	34,498,351	44,213,225
Current liabilities	53,514,148	42,301,619	28,207,258	26,318,698	15,470,752
Total liabilities	**84,975,499**	**80,837,143**	**68,443,349**	**60,817,049**	**59,683,977**
Equity					
Share capital	10,427,140	10,427,140	10,427,140	10,427,140	10,427,140
Reserves	32,905,177	32,905,177	32,221,429	32,115,596	-
Retained earnings	13,953,476	13,302,984	13,743,095	9,791,929	5,935,459
Total equity	57,285,793	56,635,301	56,391,664	52,334,665	16,362,599
Total equity & liabilities	**142,261,292**	**137,472,444**	**124,835,013**	**113,151,714**	**76,046,576**

Statement of Profit or Loss and Other Comprehensive Income

	2020	2019	2018	2017	2016
Revenue	80,450,397	74,409,113	71,476,319	53,227,891	50,883,780
Profit/(loss) before taxation	**1,270,237**	**575,123**	**4,872,292**	**5,469,833**	**(2,869,342)**
Taxation	(629,712)	(539,423)	(445,314)	(1,164,878)	(154,510)
Police trust fund dev. levy	(33)	-	-	-	-
Retained earnings/(loss)	650,492	35,700	4,426,978	4,304,955	(3,023,852)
Per share data (kobo)					
Earnings per share (Basic)	8.18	0.45	56	54	(38.13)
Net assets per share	722	714	711	660	206.33
Dividend proposed per share	4k	-	6k	6k	-
Dividend paid per share	-	6k	6k	-	-

Per share data are based on the number of issued and fully paid ordinary shares of 7,930,197,658 at the end of each financial year, (2019: 7,930,197,658).

Share Capital History

Share Capital History

Year	Authorised Increase	(₦'000) Cumulative	Increase	Issued and fully paid up (₦'000) Cumulative	Consideration
1990	**-**	**10,000**	**-**	**2**	cash@ ₦1 each
1991	-	10,000	-	2	cash@ ₦1 each
1992	**-**	**10,000**	**-**	**2**	cash@ ₦1 each
1993	-	10,000	-	2	cash@ ₦1 each
1994	**-**	**10,000**	**-**	**2**	cash@ ₦1 each
1995	40,000	50,000	49,998	50,000	cash@ ₦1 each
2001	160,000	210,000	160,000	210,000	cash@ ₦1 each
2003	790,000	1,000,000	790,000	1,000,000	cash@ ₦1 each
2008	1,000,000	2,000,000	999,999	1,999,999	Acquisition of Honey well Superfine Foods Limited
2008	-	2,000,000	-	1.999.999	Share split of ₦1to 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 @ ₦8.50 each

INVESTOR & OTHER INFORMATION

Notice Of 11th Annual General Meeting

Notice is hereby given that the 11th Annual General Meeting (AGM) of Honeywell Flour Mills Plc will hold on Wednesday 30th September 2020 at the Civic Centre, Ozumba Mbadiwe Street, Victoria Island, Lagos at 11a.m. to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31st March 2020 together with the reports of the Directors, Auditors and Audit Committee thereon
2. To declare a dividend
3. To elect/ re-elect Directors
4. To authorise the Directors to fix the remuneration of the Auditors
5. To elect members of the Audit Committee

Special Business by Ordinary Resolution

6. To renew the General Mandate for Related Party Transactions

Notes

I. Compliance with Covid-19 Directives and Guidelines

In view of the COVID-19 pandemic and the consequential restriction on mass gatherings by the authorities, and in line with the CAC guidelines on holding AGMs by proxy, shareholders' attendance at the AGM shall only be by proxy.

II. Proxies

A member of the Company entitled to attend and vote at the meeting is advised to select from the following individuals, a proxy to attend and vote in his/her stead:

- Mr. Olanrewaju Jaiyeola – Managing Director
- Sir Sunny Nwosu – minority shareholder
- Mr. Boniface Okezie – minority shareholder
- Mr. Matthew Akinlade – minority shareholder
- Mrs. Bisi Bakare – minority shareholder

A Proxy Form is attached to the Annual Report and Accounts. It may also be downloaded on the Company's website – www.honeywellflour.com

All instruments of proxy should be completed and deposited at the office of the Company's Registrars, First Registrars & Investor Services Limited, 2 Abebe Village Road, Iganmu, Lagos or via email to info@firstregistrarsnigeria.com not later than 48 hours before the time fixed for the meeting. The Company shall bear the cost for the stamping of the duly completed and signed proxy forms submitted to the Registrars within the stipulated time.

III. Live Streaming of Meeting

The AGM will be streamed live on our corporate Youtube channel: https://www.youtube.com/channel/UCTkcJFteoXqz2a6xKQ1mOJw The link to the channel will also be available on our website: www.honeywellflour.com

IV. Closure of Register of Members and Transfer Books

The Register of Members and Transfer Books of the Company will be closed from 17th September to 23rd September 2020 (both days inclusive) for the purpose of updating the Register of Members.

V. Proposed Dividend/Payment Date

The Board of Directors of the Company has recommended a dividend of 4kobo per share, payable less withholding tax. If approved at the meeting, the dividend will be paid on 30th September 2020 to shareholders whose names appear in the Register of Members as at 16th September 2020.

VI. Unclaimed Share Certificates and Dividend Warrants

Shareholders are hereby informed that some share certificates and dividend warrants have been returned to the Registrars as 'unclaimed'. Any shareholder affected by this notice is advised to contact the Company's Registrars, First Registrars & Investor Services Limited, 2 Abebe Village Road, Iganmu, Lagos or via email at info@firstregistrarsnigeria.com.

VII. E-Dividend registration

Pursuant to the directive of the Securities and Exchange Commission, shareholders are advised to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of receiving dividend payments electronically. A detachable E-mandate Activation Form is included in the Annual Report and is also available on the Company's and Registrar's websites. The completed forms should be deposited at the Registrar's office at 2 Abebe Village Road, Iganmu, Lagos or via email at info@firstregistrarsnigeria.com

VIII. Nominations to the Audit Committee

In accordance with Section 359 (5) of the Companies and Allied Matters Act, CAP C20, LFN 2004, a shareholder may nominate another 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 Annual General 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 be able to read financial statements. Consequently, a detailed curriculum vitae confirming the nominee's qualification should be submitted with each nomination.

IX. Electronic Annual Report

The electronic version of the Annual Report will be available on our website and will be sent to shareholders who have provided their email addresses to the Registrars. Shareholders who are interested in receiving the electronic version of the Annual Report should send a request to info@firstregistrarsnigeria.com

X. Rights 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 written questions should be addressed to the Company Secretary and submitted to the Company's premises or via email at hfmp@honeywellflour.com not later than 28th September 2020.

Dated the 8th day of September 2020.

By Order of the Board

Oluwayemisi Busari (Mrs.)
Company Secretary
FRC/2013/NBA/00000004046
NPA Premises, 2nd Gate By-pass, Tin Can Island Port, Apapa, Lagos

Proxy Form

	RESOLUTION	FOR	AGAINST
1	To Receive the Audited Financial Statements and Accompanying Reports		
2	To declare a Dividend		
3a	To re-elect as Director Mr. Obafemi Otudeko		
3b	To re-elect as Director Mr. Andrew Smith-Maxwell		
3c	To re-elect as Director Dr. Raymond Zoukpo		
3d	To elect as Director Dr. Nino Ozara		
4	To authorize Directors to fix the remuneration and expenses of the Company's auditor		
5	To elect members of the Audit Committee		
6	To renew the General Mandate for Related Party Transactions		

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

11th Annual General Meeting to be held on Wednesday 30th September 2020 at the Civic Centre, Ozumba Mbadiwe Street, Victoria Island, Lagos State at 11am.

I/We ....

(Name of Shareholder in block letters)

The undersigned, being a member of the above-named Company hereby appoints the following person:

S/N	Name	Designation	Proxy Choice
1	Mr. Olanrewaju Jaiyeola	Managing Director	
2	Sir Sunny Nwosu	Minority shareholder	
3	Mr. Boniface Okezie	Minority shareholder	
4	Mr. Matthew Akinlade	Minority shareholder	
5	Mrs. Bisi Bakare	Minority shareholder	

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday 30th September 2020 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 ...., 2020

Signature ....

NOTES

1. In view of the health and safety measures put in place by the Government including restrictions on mass gatherings, this proxy form has been prepared to enable shareholders exercise their right to vote despite not being physically present at the meeting.
2. Please sign and deliver this form to the Company's Registrars, First Registrars & Investor Services Limited, 2 Abebe Village Road, Iganmu, Lagos or send by email to info@firstregistrarsnigeria.com not later than 48 hours before the time fixed for the meeting. If executed by a Corporation, the form must be sealed with the Common Seal or under the hand of an officer or attorney duly authorized.

4.The proxy must produce the admission card issued by the Registrar to obtain entry to the meeting.

5. The Company shall bear the cost of the stamp duty payable on this proxy form.

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:

Email address:

Signature:

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

Mandate Form E-Dividend Payment

A x A
Recent passport
photograph
(Individual)

Date (DD/MM/YY)

Please note that Only Clearing Banks are acceptable

The Registrar,
First Registrars & Investor Services Limited
2, Abebe Village Road, Iganmu,
P.M.B. 12692
P. M. B. 1269
2 Lagos, Nigeria.

Honeywell Flour Mills Plc ☐

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:

Shareholder's Account Number	
Bank Account Number (10 Digit NUBAN Number)	☐☐☐☐☐☐☐☐☐☐
Bank Name	
Bank Sort Code	

Shareholder's Account Information

Surname/Company's Name	First Name	Other Names

Address	
City	State
Email Address	
Mobile Number	

Shareholder's
Signature/Thumb Print

Joint/Corporate Shareholder(s)/
Company Signatures

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) 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.

Schedule of Unclaimed Dividend

Analysis of Unclaimed Dividend as at June 30th, 2020

Year	No of S/H	Amount Declared ₦'000	Amount Unclaimed ₦'000	Ratio of Unclaimed Dividend %
2010	13,687	872,332	4,938	0.57%
2011	15,014	1,031,000	6,727	0.65%
2012	16,068	1,189,530	10,094	0.85%
2013	16,746	1,268,831	13,990	1.10%
2014	17,554	1,348,134	18,228	1.35%
2015	19,703	396,510	41,192	10.39%
2017	20,704	475,812	52,885	11.11%
2018	32,471	475,812	52,894	11.12%

List Of Distributors

Abiola Farms
Adamu Lamama
Adcat Resources
Ahaba Multy Service
Ahadam Farms
Al- Fil Investment Ltd
Alfhama Nig Limited
Alhaji. A.o Busari
Amo Byng Ltd
Animal Care
Anurem Nigeria Limited Bran)
Ascot Farms
Assured Spring Investment Ltd
Ayomide Inter-biz Investment Ltd
B & B Farms
Bankynice Services
Basad Space Consultant
Bayuf Farms
Benjoe Farms Limited
Bilal Global Link
Caps Feeds Ltd
Chi Ajanla Farm
Damola Onitiri
Delalu Agric Services
Divine Grace Ventures
Ducane International
Durol Farms
El - Rasheed Farms Limited
Emmanuel Alagbe
Farm Fresh Nig Ltd
Flg International Limited
Flowale Farms Ltd
Fol-hope Ltd
Funtol Farm (bran)
Great Fsi Global Service
Hamisu Alhassan
Henbio Nig Ltd
Ideal Livestock Feeds
Intelog
K.d.o Farms
Katum Nig Ent
Koladex Nig Enterprises
Lans Agric Enterprises
Layi Oluokun Nig Enter
Lekan Fola Ent
M A Ventures
Mallam Dauda Ibrahim
Malufe Enterprises Nigeria
Manna Farms
Matwealth Venture
Merchant Partners Ltd
Miclar Nigeria Enterprises
Modibbo Farms
Mogaji Mohammed
Mohammed Maina Zare
Mohammed Sani Maidamma Nig. Ltd
Musa Dankano Farms
Naf Kab International
Olsam Farms
Olu Farms & Industriesnig Ltd
Oluwatobiloba Farms Need
Perone Farms
Rabiu Farrms
Rot-tund Farms
Sannihayus Investment Nig. Ltd
Savant Agribiz
Sodel Vent.dada Solomon
Stellan Indusries Ltd
Tajmaha Services Coy
Tan-colm Nig Ltd
The Cross Enterprises
Three Bbb's Resources Ltd
Tijani Golden Muhammed Bran
Tirence Ltd Adewale Iyaniwura
Tolbid Farm
Toye Ade Ent.mr Adewara)
Uba Gambo
Viclan Farm
Whiteways Ltd
Yus Tariwa Global Investment Ltd
Zarm Poultry Farms & Feed Mills Ind. Ltd
Zeem Farms

Notes

BREAKING BARRIERS

HONEYWELL
FLOUR MILLS PLC

Apapa Office: 2nd Gate By-Pass, Tin Can Island, P.M.B. 1105, Apapa, Lagos, Nigeria
Ikeja Office: Plot YABB Mobolaji Johnson Avenue, Alausa, Ikeja, Lagos, Nigeria
Customer Care Hotline: 080 0945 364, 0809 530 1944, 0803 363 0790
Email:hfmp@honeywellflour.com / **WEBSITE:** honeywellflour.com