VITAFOAM NIGERIA PLC

UNAUDITED INTERIM IFRS FINANCIAL STATEMENTS AS AT

30 JUNE 2016

C O N T E N T S

VITAFOAM NIGERIA PLC
Unaudited consolidated and separate interim financial statements for the 9 months ended June 30, 2016

STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
		Unaudited June 30 2016	Audited Sept 30 2015	Unaudited June 30 2016	Audited Sept 30 2015
ASSETS	Notes	N'000	N'000	N'000	N'000
Non-current assets					
Property,plant and equipment	6	4,718,221	4,512,484	2,507,083	2,666,278
Intangible assets		55,841	50,575	53,452	48,181
Investment property		356,678	367,205	356,678	367,205
Investment in subsidiaries	7	(0)	-	392,857	562,488
Available for sale financial assets	8	15,114	15,114	15,114	15,114
		5,145,853	4,945,378	3,325,183	3,659,266
Non-current assets held for sale			919		
Current Assets					
Inventories	9	3,308,602	4,464,611	2,029,142	3,033,468
Trade and other receivables	10	3,562,303	3,340,022	5,042,057	5,182,168
Cash and cash equivalents	13	495,009	443,547	409,837	204,754
		7,365,914	8,248,180	7,481,036	8,420,390
Total assets		12,511,767	13,194,477	10,806,219	12,079,656
LIABILITIES					
Current Liabilities					
Trade and other payables	11	2,727,397	4,139,476	2,233,446	3,647,600
Corporate tax payable		341,394	378,308	315,770	357,757
Borrowing	12a	3,643,171	3,052,206	3,100,086	2,763,533
		6,711,961	7,569,990	5,649,302	6,768,890
Non-Current Liabilities					
Borrowing	12b	1,531,310	1,408,781	594,769	619,766
Deferred taxation		413,283	378,222	385,959	385,960
Deferred retirement liabilities		122,172	191,394	93,794	169,506
		2,066,765	1,978,397	1,074,522	1,175,232
Total liabilities		8,778,726	9,548,387	6,723,824	7,944,122
Equity					
Ordinary share capital		491,400	491,400	491,400	491,400
Share Premium		3	3	3	3
Reserves		2,381,988	2,299,877	3,590,992	3,644,131
Deposit for shares		(0)			
Non- controlling interest		859,650	854,810	-	
Total equity		3,733,041	3,646,090	4,082,395	4,135,534
Net Equity and liabilities		12,511,767	13,194,477	10,806,219	12,079,656

The notes on pages 7 to 17 form an integral part of these interim financial statements.

VITAFOAM NIGERIA PLC
UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE 3 MONTHS ENDED 30 June 2016

	GROUP		COMPANY	
	3 Months to 30 Jun '16 N'000	**3 Months to 30 Jun '15 N'000**	**3 Months to 30 Jun '16 N'000**	**3 Months to 30 Jun '15 N'000**
Revenue	2,944,325	4,520,355	2,415,393	3,744,869
Cost of sales	(1,940,158)	(3,052,690)	**(1,610,920)**	(2,509,483)
Gross profit	**1,004,167**	**1,467,665**	**804,473**	**1,235,386**
Distribution expenses	(150,279)	(271,851)	(126,589)	(246,073)
Administrative expenses	(667,195)	(1,041,913)	(481,702)	(842,102)
Other income	22,644	30,145	12,100	22,027
Operating profit	**209,337**	**184,046**	**208,283**	**169,238**
Finance income	-	-	-	-
Finance cost (charges)	(296,220)	(200,450)	(158,119)	(132,618)
Net finance income/(cost)	(296,220)	(200,450)	(158,119)	(132,618)
Profit before taxation	(86,883)	(16,404)	50,164	36,620
Taxation	(22,539)	(19,799)	(16,053)	(11,718)
Profit retained for the period	(109,422)	(36,203)	34,112	24,902
Non-controlling interest	4,840	(36,916)		
Profit retained for the period	(104,583)	(73,119)	34,112	24,902
Basic earnings per share (kobo)	(11.13)	(4.42)	3.47	3.04

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE 9 MONTHS ENDED 30 June

		GROUP		COMPANY	
	Notes	**9 Months to 30 Jun '16 N'000**	**9 Months to 30 Jun '15 N'000**	**9 Months to 30 Jun '16 N'000**	**9 Months to 30 Jun '15 N'000**
Revenue	3	10,991,947	13,842,239	9,130,695	11,752,782
Cost of sales		(7,419,598)	(9,414,370)	(6,178,998)	(7,935,462)
Gross profit		**3,572,349**	**4,427,869**	**2,951,697**	**3,817,320**
Distribution expenses		(543,276)	(718,216)	(464,148)	(661,118)
Administrative expenses		(2,433,226)	(2,710,556)	(1,806,075)	(2,182,721)
Other income	4	83,482	77,251	69,026	66,157
Operating profit		**679,329**	**1,076,348**	**750,498**	**1,039,638**
Finance income		-		-	-
Finance cost (charges)		(728,473)	(554,404)	(467,319)	(462,238)
Net finance income/(cost)		(728,473)	(554,404)	(467,319)	(462,238)
Profit before taxation		(49,144)	521,944	283,179	577,399
Taxation	5	(109,885)	(186,615)	(90,617)	(184,768)
Profit after taxation for the period		(159,029)	335,329	192,562	392,631
Non-controlling interest		59,331	(48,269)		
Profit retained for the period		(99,698)	287,060	192,562	392,631
Basic earnings per share (kobo)		(16.18)	40.94	19.59	47.94

The notes on pages 7 to 17 form an integral part of these interim financial statements.

UNAUDITED STATEMENT OF CHANGES IN EQUITY - GROUP
FOR THE PERIOD ENDED 30 June 2016

	Share Capital N'000	Share Premiun N'000	Foreign currency transl reserve N'000	Retained Profit N'000	Available for Sale Reserves N'000	Total attributable to equity holders N'000	Non-controlling Interest N'000	Total N'000
At 1 October 2014	409,500	3	28,040	2,807,274	(37,048)	3,207,769	(178,701)	3,029,068
Profit of loss for the year				335,329		335,329	(48,269)	287,060
Other comprehensive income						-		-
Balance at 'June 30, 2015			-	335,329	-	335,329	(48,269)	287,060
At 1 October 2015	491,400	3	229,316	2,671,597	(37,048)	3,355,268	854,810	4,210,078
Loss for the 9 months	-	-		(99,698)	-	(99,698)	(59,331)	(159,029)
Other comprehensive income			(72,308)			(72,308)		(72,308)
Dividends				(245,700)		(245,700)		(245,700)
Balance at 'June 30, 2016	491,400	3	157,008	2,326,199	(37,048)	2,937,562	795,479	3,733,041
						-		-

UNAUDITED STATEMENT OF CHANGES IN EQUITY - COMPANY

	Share Capital N'000	Share Premiun N'000	Available for Sale Reserves N'000	Retained Profit N'000	Total N'000
At 1 October 2014	409,500	3		3,374,549	3,784,052
Profit for the period	-	-		192,564	192,564
Other comprehensive income for the period	-	-			-
Balance at 30 June 2015	409,500	3	-	3,567,113	3,976,616
Issue of bonus shares	81,900			(81,900)	-
Dividends				(245,700)	(245,700)
Total contributions by and distributions to owners of company recognised directly in equity	81,900	-	-	(327,600)	(245,700)
				-	
At 1 October 2015	491,400	3	(37,048)	3,681,179	4,135,534
Profit for the period				192,562	192,562
Other comprehensive income	-				-
Total comprehensive income or (loss) for the period				**192,562**	**192,562**
Dividends				(245,700)	(245,700)
Total contributions by and distributions to owners				-	-
of company recognised directly in equity	-	-			
Balance at '30 June 2016	491,400	3	(37,048)	3,628,041	4,082,396

VITAFOAM NIGERIA PLC
STATEMENT OF CASH FLOW FOR THE PERIOD ENDED

		GROUP		COMPANY	
		Unaudited 30 June. 2016	Audited 30 Sept 2015	Unaudited 30 June. 2016	Audited 30 Sept 2015
	Notes	N'000	N'000	N'000	N'000
Cash flows from operating activities					
Cash generated from operations	15	333,584	1,388,321	614,546	961,064
Tax paid		(146,799)	(117,002)	(132,604)	(102,141)
Net cash from operating activities		**186,785**	**1,271,319**	**481,942**	**858,923**
Cash flows from investing activities					
Purchase of property, plant and equipment		(50,033)	(899,329)	(37,668)	(552,852)
Proceeds from sale of property, plant and equipment			32,085	6,681	7,744
Purchase of investment property			(1,860)	-	(1,860)
Purchase of other intangible assets		(19,320)	(18,665)	(27,755)	(18,665)
Proceeds from sale of investment			44,462	-	44,462
Purchase of investment in quoted share			(888)	-	(888)
Interest Income			79,572	-	79,572
Net cash from investing activities		**-69,353**	**(764,623)**	**(58,742)**	**(442,487)**
Cash flows from financing activities					
Repayment of borrowings		(267,578)	(634,472)	(266,792)	(277,282)
Proceeds from borrowings		373,490	1,434,878	183,346	901,872
Dividends paid		(299,700)	(274,436)	(245,700)	(245,700)
Finance costs		(296,220)	(1,015,325)	(467,319)	(765,890)
Net cash from financing activities		**(490,008)**	**(489,355)**	**(796,465)**	**(387,000)**
Total cash movement for the year		**(372,576)**	**17,341**	**(373,265)**	**29,436**
Cash at the beginning of the year		(2,172,493)	(2,189,834)	(2,214,041)	(2,243,477)
Total cash at end of the year	13	(2,545,069)	(2,172,493)	(2,587,306)	**(2,214,041)**

1 1. **Reporting entity**

Vitafoam Nigeria Plc, is incorporated as a public company in Nigeria under the Company and Allied Matters Act and is domiciled in Nigeria. The address of the registered office is: Oba Akran Avenue, Ikeja, Lagos.

The Company is into manufacturing operation and its principal activity is manufacturing and sale of flexible and reconstituted foam products.

These financial statements are presented in Nigerian Naira because that is the functional currency of the primary economic environment in which the company operates.

The company's shares are listed on The Nigerian Stock Exchange.

2 **Summary of significant accounting**

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

2.1 **Basis of preparation**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the International Accounting Standards Board (IASB).

The interim financial statements are prepared under IAS 34.

These financial statements are prepared on a going concern basis under the historical cost convention.

2.2 **Management estimates and judgements**

The preparation of financial statements, in conformity with generally accepted accounting principles under IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

There were no significant changes in estimates from the last financial statement.

2.3 **Segment reporting**

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

2.4 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales related taxes but including interest receivable on sales on extended credit and income from the provision of technical services and agreements. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Sales of goods are recognised when title has passed and the significant risks and rewards of ownership have been transferred.

2.5 **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Sales of goods are recognised when title has passed and the significant risks and rewards of ownership have been transferred.

Monetary assets and liabilities denominated in foreign currencies are retranslated into naira at the rates of exchange ruling at the balance sheet date or where appropriate, at the contracted rate of exchange if the balance is to be settled at a contracted rate. Any gain or loss arising from a change in exchange rates, subsequent to the dates of transaction, is included as an exchange gain or loss, in the profit for the period.

2.6 **Inventories**

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) and excludes borrowing costs.

Cost is calculated as follows:
Raw materials, packaging materials - Purchase costs on a weighted average basis including transportation and applicable handling charges and major qualifying engineering spares now included in Property plant and equipment.
Work in process - Average cost of direct materials and labour plus the appropriate amount attributable to production overheads.
Stock in transit - Purchase cost incurred to date.
Weighted average and average cost are reviewed periodically to ensure they consistently approximate historical cost.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.7 **Property, plant and equipment**
Land and buildings comprise mainly of factories and offices.

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated in the balance sheet at cost at the date of transition to IFRS less accumulated depreciation and any accumulated impairment losses.
All other property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Freehold Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalue amounts to their residual values over their estimated useful lives, as follows:

Leasehold land	-	2% or peridod of lease, (whichever is lower)
Industrial and other buildings	-	2%
Plant and machinery	-	20%
Furniture and Equipment	-	20%
Motor vehicles	-	25%
Major Engineering spare parts	-	20-50%

Asset in progress are not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

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

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

2.8 **Intangible assets**
Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives of four years.

2.9 **Leases**
i) Finance leases

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. At the beginning of the lease term, the leased asset is measured at an amount equal to the fair value of the leased asset less the present value of un-guaranteed or partially guaranteed residual value, which would accrue to the lessor at the end of the lease term. Subsequent to recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance expenses and a reduction of the outstanding liability. Finance expenses are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining term of the lease, when the lease adjustment is confirmed.

ii) Operating leases
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.
Where Vitafoam is the lessor, receipts are taken to the income statement on a straight-line basis over the life of the lease.

2.10 **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.

i.) Capitalisation of Borrowing costs

Finance costs attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of that asset. All other finance costs are recognised as charges in the statement of comprehensive income for the period in which they are incurred.

2.11 **Advertising**

Advertising expenditure, such as advertising costs, points of sale materials and sponsorship payments, are charged to the income statement when the company has the right of access to the goods or services acquired.

2.12 **Exceptional items**

Exceptional items are those that in management's judgement need to be disclosed by virtue of their size or incidence. Such items are included within the income statement caption to which they relate, and are separately disclosed either in the notes to the financial statements or on the face of the income statement.

2.13 **Impairment of non-financial assets**

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

2.15 **Non-current assets held for sale**

Non-current assets (or disposal company's) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

2.16 **Financial assets**

2.16.1 **Classification**

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

2.16.2 **Recognition and measurement**

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.
Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classiefied as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

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

2.17 **Offsetting financial instruments**

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

2.18 **Impairment of financial assets**

(a) Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:
- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) Adverse changes in the payment status of borrowers in the portfolio; and
(ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The company first assesses whether objective evidence of impairment exists.

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

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

(b) Assets classified as available for sale

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a company of financial assets is impaired. For debt securities, the company uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

2.19 **Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. An allowance for impairment of 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 carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the income statement. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.20 **Cash, cash equivalents and bank overdrafts**

Cash, cash equivalents and bank overdrafts includes 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.

2.21 **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 **Investments**

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

2.23 **Provisions**

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle that obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

2.24 **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends these are recognised once paid.

2.25 **Current and deferred income tax**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities on a net basis.

2.26 **Employee benefits**

(i) Pension
(a) Defined Contribution scheme

In line with the provisions of the Pension Reform Act 2004, the Company instituted a defined contribution Pension Scheme for its management and non management staff. Staff contributions to the schemes are funded through payroll deductions while the Company's contribution is charged to the Income Statement the Company contributes 7.5% for management and non management staff respectively while employees contribute 7.5% of their insurable earnings (basic, housing and transport allowance).

(ii) Gratuity
(a) Defined Benefit Scheme

Lump-sum benefits payable upon retirement or resignation of employment of employees who had served the company for minimum of 5 years. These benefits are fully accrued over the service lives of management and non management staff. Independent actuarial valuations are performed periodically on a projected unit credit basis. Actuarial gains or losses and curtailment gain or losses arising from valuations are charged in full to the Income statement, The Company ensures adequate arrangement s are in place to meet its obligation under the scheme.

(iii) Other Long Term Employee Benefits
These are Long Service awards payable upon completion of certain years in service and accrued over the service lives of the employees. The charge to the income statement is based on independent actuarial valuation performed using the projected unit credit method. Actuarial gains or losses arising from the valuation are charged in full to the Income statement

2.27 **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement as a net of the related expense (cost of sales) over the period necessary to match them with the costs that they are intended to compensate.

	GROUP		COMPANY	
	9 Months 2016 N'000	**9 Months** 2015 N'000	**9 Months** 2016 N'000	**9 Months** 2015 N'000
3. Revenue				
Local	10,991,947	13,842,239	9,130,695	11,752,782
Export			-	-
	10,991,947	13,842,239	9,130,695	11,752,782

The company's primary geographical segment is Nigeria. Over 99.9% of the sales of the company are made in Nigeria. Also, the Company's products have identical risks and returns. No further business or geographical segment information is therefore reported.

4. Other Income

	GROUP		COMPANY	
	9 Months 2016 N'000	**9 Months** 2015 N'000	**9 Months** 2016 N'000	**9 Months** 2015 N'000
Sale of by-products	83,482	77,251	69,026	66,157
Operating lease income				
Gain on asset disposal			-	
Investment Income				
Customers' deposit wrte back			-	-
Foreign exchange loss			-	-
	83,482	77,251	69,026	66,157

	GROUP		COMPANY	
	Unaudited **JUNE 30** **2016**	Audited **SEPT. 30** **2015**	Unaudited **JUNE 30** **2016**	Audited **SEPT. 30** **2015**
5. Taxation				
(a) Current tax	N'000	N'000	N'000	N'000
Company Income tax charge for the period		309,241		309,241
Education tax		33,084		25,378
Deferred tax write-back	-	(68,198)		(68,198)
	-	274,127	-	266,421

(b) Movement in Current tax liability balance

	JUNE 30	**SEPT. 30**	**JUNE 30**	**SEPT. 30**
As at 1 October	378,308	409,202	357,757	373,790
Charge for the period	109,885	86,108	90,617	86,108
Payment during the period	(146,799)	(117,002)	(132,604)	(102,141)
With-holding tax credit notes utilized	-	-	-	-
	341,394	378,308	315,770	357,757

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6. Property, Plant and Equipment - COMPANY

	Freehold Land =N='000	Land & Building =N='000	Plant and machinery =N='000	Furniture and Fittings =N='000	Motor Vehicles =N='000	Total =N='000
Cost/Deemed Cost						
At 1st October 2014	11,733	2,496,429	1,460,777	234,283	413,256	4,616,478
Additions	288,089	22,458	161,891	32,010	48,404	552,852
Transfers		(371,765)				(371,765)
Adjustments						-
Disposals			(909)		(17,044)	(17,953)
At 30 September 2015	299,822	2,147,122	1,621,759	266,293	444,616	4,779,612
At 1st October 2015	299,822	2,147,122	1,621,759	266,293	444,616	4,779,612
Additions		761	15,079	2,543	19,285	37,668
Transfers						-
Disposals					(39,192)	(39,192)
At '30 June 2016	299,822	2,147,878	1,636,637	268,085	443,314	4,778,088
Accummulated Depreciation						
At 1st October 2014		297,602	1,176,605	166,512	302,941	1,943,660
Charge for the period		62,990	130,206	22,038	51,674	266,908
Transfers		(79,281)				(79,281)
Adjustments						-
Disposals			(909)		(17,044)	(17,953)
At 30 September 2015	-	281,311	1,305,902	188,550	337,571	2,113,334
At 1st October 2015		281,311	1,305,902	188,550	337,571	2,113,334
Charge for the period		43,080	95,954	18,304	34,941	192,279
Reclassifications						-
Disposals				-	(34,608)	(34,608)
At '30 June 2016		307,485	1,370,013	201,528	340,948	2,271,005
Net book values						-
At 30 September 2014	11,733	2,198,827	284,172	67,771	110,315	2,672,818
At 30 September 2015	299,822	1,865,811	315,857	77,743	107,045	2,666,278
At '30 June 2016	299,822	1,840,393	266,625	66,556	102,366	**2,507,083**

VITAFOAM NIGERIA PLC
INTERIM FINANCIAL STATEMENTS AS AT
NOTES TO THE FINANCIAL STATEMENTS - Cont'd

7. Investment in subsidiaries	GROUP Unaudited JUNE 30 2016 N'000	GROUP Audited SEPT. 30 2015 N'000	COMPANY Unaudited JUNE 30 2016 N'000	COMPANY Audited SEPT. 30 2015 N'000
Vitafoam Sierra Leone Ltd	-	-	69,580	69,580
Vitafoam Ghana Ltd	-	-	38,243	38,243
Vitablom Nigeria Ltd	-	-	40,219	41,823
Vitavisco Nigeria Ltd	-	-	8,000	8,000
Vitapur Nigeria Ltd	-	-	40,000	40,000
Vono Products Plc	-	-	398,181	595,819
Vitagreen Nigeria Ltd	-	-	6,000	6,000
Investment in Vono Furniture Products Ltd	-	-	16,000	
Investment in Vitaparts Nigeria Limited	-	-	15,000	
			631,222	799,465
Provision for Investment			(238,366)	(236,977)
	-	-	392,857	562,488

8. Available for sale financial assets

	Unaudited JUNE 30 2016 N'000	Audited SEPT. 30 2015 N'000	Unaudited JUNE 30 2016 N'000	Audited SEPT. 30 2015 N'000
Quoted equity shares	7,768	7,768	7,768	7,768
Unquoted equity shares	7,346	7,346	7,346	7,346
	15,114	15,114	15,114	15,114

9. Inventories

	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Finished goods	974,069	981,001	560,761	641,686
Raw materials	1,606,177	2,521,700	922,905	1,724,621
Work-in-progress	413,879	553,698	238,815	296,272
Spare parts and other consumables	314,478	408,212	306,661	370,889
	3,308,602	4,464,611	2,029,142	3,033,468

10. Trade and other receivables

	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Trade recievables	2,227,981	2,697,291	1,826,241	2,277,034
Staff debtors	25,358	9,484	20,501	-
Prepayments	220,841	168,483	193,339	140,646
Deposit for imports	-	-	-	-
Other receivables	1,203,263	676,832	78,136	483,425
Intercompany balances			3,022,280	2,420,514
Provision for trade receivables	(115,139)	(212,068)	(98,440)	(139,451)
	3,562,303	3,340,022	5,042,057	5,182,168

VITAFOAM NIGERIA PLC
INTERIM FINANCIAL STATEMENTS AS AT
NOTES TO THE FINANCIAL STATEMENTS -Cont'd

11.Trade and other payables	GROUP Unaudited JUNE 30 N'000	GROUP Audited SEPT. 30 N'000	COMPANY Unaudited JUNE 30 N'000	COMPANY Audited SEPT. 30 N'000
Trade payables	1,228,980	2,672,480	1,114,616	2,504,119
Dealers' secutity deposit	73,063	151,200	73,063	151,200
Dividends unclaimed	271,542	283,740	265,309	269,964
Advertising payables	-	-	-	-
Other credit balances	8,000	463,076	237,050	474,523
Value Added Tax payables	711,525	392,514	454,090	184,207
Accruals	434,288	176,466	89,318	63,587
	2,727,397	4,139,476	2,233,446	3,647,600

12a. Borrowing: current	N'000	N'000	N'000	N'000
Finance lease liabilities	17,014	21,995	-	-
Government grants	3,630	5,544	-	-
Commercial paper -Stock repl.	1,262,207	1,526,336	1,262,207	925,485
Overdraft	1,777,871	1,089,704	1,734,935	1,493,310
Term Loan	582,449	408,627	102,943	344,738
	3,643,171	3,052,206	3,100,086	2,763,533

12b. Borrowing: non-current				
Finance lease liabilities	119,485	96,726	-	-
Government grants	16,060	69,593	-	-
Term Loan	1,395,766	1,242,462	594,769	619,766
	1,531,311	1,408,781	594,769	619,766

12c .Term loan

The term loans represent the outstanding balances on two facilities - 4-year term loan of N450 million and 3 -year term loan of N350 million granted to the parent by a commercial bank in 2014 and 2015 respectively. Both loans are secured by a negative pledge on the parent's fixed and floating assets

13. Cash and cash equivalents

The cash and cash equivalents included in the cash flow statement are represented by:

	GROUP 2016 JUNE 30 N'000	GROUP 2015 SEPT. 30 N'000	COMPANY 2016 JUNE 30 N'000	COMPANY 2015 SEPT. 30 N'000
Cash and bank balances	495,009	443,547	409,837	204,754
Overdraft (Note 12a)	(1,777,871)	(1,526,336)	(1,734,935)	(1,493,310)
Commercial paper -Stock replacement	(1,262,207)	(1,089,704)	(1,262,207)	(925,485)
	(2,545,069)	(2,172,493)	(2,587,306)	(2,214,041)

14. Segment information

The company's internally reported business or geographical segments are substantially similar and thus are considered as a single business segment. All factories produce foam-based goods.

	GROUP		COMPANY	
	2016	2015	2016	2015
	JUNE 30	SEPT. 30	JUNE 30	SEPT. 30
15. Cash generated from operations				
Profit before taxation	(49,144)	534,129	283,179	810,488
Adjustments for:				
Depreciation and amortisation	203,682	474,238	216,158	276,707
Profit on sale of assets		(12,199)	(6,681)	(7,744)
Profit on disposal of investment		(29,011)	-	(29,011)
Adjustment for property, plant and equipment		-	-	-
Loss/(Gains) on revaluation of available for sale		-	-	-
Finance costs	728,473	1,015,325	467,319	765,890
Interest received		(79,572)	-	(79,572)
Movements in retirement benefit assets and liabilities	(69,222)	(42,350)	(75,712)	(48,593)
Remeasurements on net defined benefit liabilities/asset		(53,552)	-	(116,558)
Transfer between reserves		(847,921)	-	-
Transfer to NCI		1,097,520	-	-
Changes in working capital:			-	
Inventories	1,156,009	307,152	1,004,326	685,590
Trade and other receivables	(222,281)	(1,140,867)	140,111	(1,776,492)
Trade and other payables	(1,412,079)	(2,645)	(1,414,154)	289,686
Deferred tax liabilities	35,061	198,968	-	206,706
Current tax	(36,914)	(30,894)	-	(16,033)
	333,584	1,388,321	614,546	961,064

15. Approval of unaudited interim financial statements,

The interim financial statements for the 9 months ended '30 June 2016 was approved by the Board of Directors on 26 July, 2016.