Vitafoam
-the fine art of living

ANNUAL REPORT & ACCOUNTS 2017

VITAFOAM NIGERIA PLC RC:3094

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Dr. Bamidele O. Makanjuola

CHAIRMAN

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CORPORATE PROFILE

Vitafoam Nigeria Plc is Nigeria's leading manufacturer of flexible, reconstituted and rigid foam products. It has the largest foam manufacturing and distribution network which facilitates just in time delivery of finished products throughout West African Sub region. Incorporated on 4th August, 1962 and listed on the floor of the Nigerian Stock Exchange in 1978, Vitafoam's brands remain household names in the Country.

The Company's commitment to quality in its production process has earned it several quality awards including the Gold Certificate Award for most of its products. Vitafoam was the first Foam Manufacturing Company in Nigeria to subject its quality system to the Quality Management System championed by the Standards Organization of Nigeria (SON). The NIS ISO 9002 Certificate was obtained in 2001 and upgraded to NIS ISO 9001: 2008 in 2015.

The Company is consolidating its core business by the introduction of innovative value added products and services. It has become a full range solution provider for bedding and allied products. Its Comfort Centers provide a one stop shop for discerning consumers of its products.

The company has carved a niche for itself in the industry by its offer of a vast array of high and superior quality products that present the customers with multiple unique choices. Mattresses of varied resilience and texture are available nationwide. By use of contours cutting equipment, Vitafoam designs and constructs custom-made mattresses and pillows. In addition, a range of profile products that are versatile in use are offered to the market e.g Mats (Vitarest, Leisuremats etc) and Foam sitting chairs (Vitasolid). The needs of nursing mothers are addressed by the offering of a number of foam based baby products (Changing mat, Baby cot mattresses, pillows, breast feeding covers etc.).

Vitafoam is a responsible corporate citizen and it adopts best practices in all operations. The code of good corporate governance has been well implemented by the company and it is committed to the continuous improvement of its operations. The Company's policy is determined by a competent and dynamic Board, a mix of executive and non executive directors who are experts in their own fields. The Board is supported by a robust management team.


WELCOME TO VITAFOAM NIG. PLC.
WE ARE ENVIRONMENTALLY FRIENDLY
WE ARE SAFETY CONSCIOUS
ERIA plc.

05 NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 56th Annual General Meeting of the members of **VITAFOAM NIGERIA PLC** will be held at Lagos Sheraton Hotel and Towers, Mobolaji Bank Anthony Way, Ikeja, Lagos State on Thursday, 8th March, 2018 at 10.0'clock in the forenoon to transact the following business:

Ordinary Business

1. To lay before the members the Report of the Directors, the Statements of Financial Position as at 30th September, 2017 together with the Statements of Comprehensive Income for the year ended on that date and the Report of the Auditors and the Audit Committee thereon.
2. To declare a Dividend.
3. To elect/re-elect Directors
4. To authorize the Directors to fix the remuneration of the Auditor.
5. To elect Members of the Audit Committee.

Special Business

6. To fix the remuneration of the Directors.
7. To authorize the renewal of recurrent transactions which are of trading nature or those necessary for its day-to-day operations from related companies in accordance with the Rules of the Nigerian Stock Exchange governing transactions with related parties or interested persons.

PROXY

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A proxy form is enclosed herewith and also available on the company's website, www.vitafoamng.com. To be valid for the purposes of the Meeting, proxy form must be completed and deposited at the office of the Company's Registrars, Meristem Registrars Limited 213, Herbert Macaulay Way, Adekunle, Yaba, P.O. Box 51585, Falomo, Ikoyi, Lagos State, not later than 48 hours before the time of the meeting.

Dated this 19 December, 2017
BY ORDER OF THE BOARD

OLALEKAN SANNI
Company Secretary/Legal Adviser
FRC/2013/NBA/00000005309
Registered Office:
140, Oba Akran Avenue
Industrial Estate, Ikeja, Lagos.

NOTES:

(a) **DIVIDEND**

A dividend of 15kobo per ordinary share, subject to appropriate withholding tax and approval will be paid electronically on 9th March, 2018, to Shareholders whose names appear in the Register of Shareholders at the close of business on Friday 16th February, 2018, and who have completed the e-dividend registration and mandated the Registrar to pay their dividends directly into their Bank accounts.

(b) **CLOSURE OF REGISTER AND TRANSFER BOOKS**

Notice is hereby given that the Register of Shareholders and the Transfer Books of the Company will be closed from the commencement of business on Monday, 19th to Friday, 23rd February, 2018, both days inclusive, for the purpose of the preparation and payment of dividend.

(c) **NOMINATION FOR THE AUDIT COMMITTEE**

The Audit Committee consists of 3 Shareholders and 3 Directors. In accordance with Section 359(5) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004, any member may nominate a shareholder for election 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.

((d) **UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES**

Shareholders with dividend warrants and share certificates that have remained unclaimed, or yet to be presented for payment or returned for revalidation are advised to complete the e-dividend registration or contact the Registrar, Meristem Registrars Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State or call telephone No. 8920491-2.

(e) **E-DIVIDEND REGISTRATION**

Shareholders who are yet to complete the e-dividend registration are advised to download the Registrar's **E-dividend Mandate Activation Form** from the Registrar's website - www.meristemregistrars.com which is also available on the company’s website - www.vitafoamng.com, complete and submit to the Registrar or their respective Banks. A copy of the form is also attached to this Annual Report.

(f) **SECURITIES HOLDERS' RIGHTS**

Rule 19:12 of the Rule Book of the Nigerian Stock Exchange reserves the right of Shareholders and other holders of the Company's Securities to ask questions not only at the meeting but also in writing prior to the meeting. Such Shareholders or holders of other Securities may submit to the office of the Company Secretary written memoranda of their questions, observations or concerns arising from the Annual Reports & Accounts at least one week before the Annual General Meeting and forward copies to the relevant regulatory bodies.

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BOARD OF DIRECTORS AND OFFICIALS

DIRECTORS:

Dr. Bamidele O. Makanjuola	-	Chairman/Non-Executive Director
Mr. Taiwo A. Adeniyi	-	Group Managing Director
Mr. Abbagana M. Abatcha	-	Group Technical & Dev. Director
Mr. Olatunji O. Anjorin	-	Group Corp. Services Director (Resigned on 27/7/17)
Mr. Sam N. Okagbue	-	Non- Executive Director
Mrs. Adeola Adewakun	-	Non- Executive Director
Engr. (Mrs.) F. O. Seriki	-	Non- Executive Director (Up till 03/03/17)
Mr. Gerson P. Silva	-	Non-Executive Director (Appointed 01/10/17)
Mr. Mohammed G. Alkali	-	Independent Non-Executive Director (Appointed 01/10/17)
Prof. (Mrs.) Rosemary I. Egonmwan	-	Independent Non-Executive Director (Appointed 01/10/17)

COMPANY SECRETARY - Mr. Olalekan Sanni

REGISTERED OFFICE:

140, Oba Akran Avenue
Industrial Estate, Ikeja, Lagos
Nigeria
Website: www.vitafoam.com.ng
Telephone Nos: + 234(1)2805070-5

REGISTRAR:

Meristem Registrars Limited
213, Herbert Macaulay Way
Adekunle, Yaba
Lagos.

INDEPENDENT AUDITOR:

Deloitte & Touche Nigeria
Civic Centre Tower,
Ozumba Mbadiwe Avenue,
Victoria Island, Lagos

BANKERS:

Zenith Bank of Nigeria Plc
First Bank of Nigeria Plc
Wema Bank of Nigeria

BOARD OF DIRECTORS' PROFILE

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DR. BAMIDELE OSUOLALE MAKANJUOLA (Non-Executive) is a first class Chemical Engineering graduate of University of Ife (now Obafemi Awolowo University), Ile- Ife. He holds a Doctor of Philosophy Degree in Chemical Engineering and Economics from the Loughborough University of Technology, United Kingdom. He is a member of both the Polymer Institute of Nigeria and the Nigerian Society of Engineers. He became the Executive Director in Charge of Corporate Planning and Development in December 2001 and was appointed Managing Director on 1st April, 2006, a position he held until his retirement on 30th September, 2012. He is currently the Chairman of the Board.

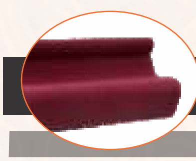
MR. TAIWO AYODELE ADENIYI (Executive) holds a B.Sc Degree in Chemistry and M.sc (Pharmaceutical Chemistry) from the University of Lagos and a Masters Degree in Supply Engineering and Logistics from the University of Warwick, United Kingdom. He won the prestigious Chairman's award of an outstanding employee in 2009 and the Nigerian National Productivity Order of Merit Award in 2012. He started his career in Pharma Deko Plc where he gained wide experience in operations management and products developments. He joined Vitafoam in 2007 as Logistics Manager and later became the Manufacturing Manager in 2010, a position he held until his appointment in July, 2012 as Executive Director and later Technical Director. Mr. Adeniyi was appointed Acting Managing Director on 22nd April, 2015 and became the substantive Managing Director on 4th June, 2015.

MR. OLATUNJI OLUDARE ANJORIN (Executive) is a graduate of Accounting from the University of Lagos and studied at the prestigious Ashridge Business School, Bekhamsted, United Kingdom. He is a member of the Chartered Institute of Personnel Management of Nigeria (CIPM), Institute of Directors of Nigeria (IoD), an alumnus of LBS PAN African University and Ashridge Business School, Berkhamsted, United Kingdom. Prior to his appointment to the Board of Vitafoam Nigeria Plc, he was the Head of HR for UAC Restaurants in Nigeria and Ghana, Group GM, Human Resources at PZ Cussons Nigeria Plc and Managing Director of Vitablom Nigeria Limited (a subsidiary of Vitafoam Nigeria Plc). Mr. Anjorin was appointed Corporate Services Director on 22nd May, 2014 and disengaged on 27th July, 2017.

MR. ABBAGANA MUHAMMAD ABATCHA (Executive) is a graduate of Chemistry from Ahmadu Bello University, Zaria. He has attended Senior Management Executive Course of the Lagos Business School, Pan Africa University and other courses and conferences local and international. He has served on the Boards of Bajabure Industrial Complex Ltd. and Vitagreen Nigeria Limited as Managing Director. He was one time a Director General of North-East Domestic Trade Fair and National Vice Chairman of Foam Manufacturers Group of MAN. He was appointed to the Board of the company effective 4th June, 2015

LATE ENGR. (MRS.) FLORENCE SERIKI, MFR, (Non-Executive) held a Bachelors of Science degree in Chemical Engineering from University of Ife (now Obafemi Awolowo University). She was a Fellow of the Nigerian Society of Chemical Engineers, Nigerian Computers Society (NCS) and the Institute of Directors (IoD). She was the founder and Chief Executive Officer of first completely knocked down computer factories in Nigeria and Ghana. She was appointed to the Board of the company with effect from 1st October 2009. Engr. (Mrs.) Seriki passed on during the financial year.

MR. SAM. N. OKAGBUE (Non-Executive) is a legal practitioner of repute. He obtained a Bachelors degree in law from University of Ife, (now Obafemi Awolowo University), in 1980 and Masters degree from University of London, London School of Economics in 1983 and graduated from the Nigerian Law School in 1981. He has been actively engaged in the practice of law for over twenty-five years. He is a specialist in Energy Law, Corporate and Commercial Law and International Business Transactions. He is the Managing Partner and founding member of George, Ikoli&Okagbue (Legal Practitioners). He was appointed to the Board of the company with effect from 1st October 2009.



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BOARD OF DIRECTORS' PROFILE CONT'D

MRS. ADEOLA ADEWAKUN (Non-Executive) holds a Masters of Pharmacy Degree from the University of Portsmouth, Hampshire, United Kingdom. She is a member of the Royal Pharmaceutical Society of Great Britain and the General Pharmaceutical Council of Great Britain. A United Kingdom registered Pharmacist, Mrs. Adewakun has held various management positions in different Pharmaceutical companies in the United Kingdom. She was appointed to the Board of the company with effect from 23rd May, 2013.

PROF. (MRS.) ROSEMARY IVIONWEN EGONMWAN (Independent Non-Executive) holds a Bachelor of Science (B.Sc Hons) Degree and a Masters of Science (M.Sc) in Zoology from the University of Lagos. She also obtained a Doctorate (D.Phil.) Zoology from the prestigious University of Oxford, United Kingdom. Professor (Mrs.) Egonmwan is a distinguished scholar and academician with over thirty (30) years experience. She was the Senior Environmental Adviser for Shell Nigeria Exploration and Production Company from 2009 – 2010 and served on the Management Board of Lagos University Teaching Hospital (LUTH) from 2012- 2016. Prof. (Mrs.) Egonmwan serves as a member of several boards and committees of the University of Lagos where she is currently a distinguished lecturer, including the Postgraduate School Board and University of Lagos Senate. She is a member of the Ecological Science of Nigeria, and British Ecological Society. Prof. (Mrs.) Egonmwan was appointed to the Board of the Company with effect from 1st October, 2017.

MR. MOHAMMED GONI ALKALI (Independent Non-Executive) holds a Bachelors of Science (B.Sc) Degree in Accounting with 1st Class Honours from Bayero University, Kano and a Masters Degree (M.Sc) in Accounting and Finance from London School of Economics, University of London, United Kingdom. A banker of repute, Mr. Alkali has enjoyed a successful banking career at several financial institutions in Nigeria including African International Bank (AIB) where he rose to the level of Assistant General Manager and the Bank of Industry (BOI) Limited where he was the Executive Director (Operations) from 2010 until his voluntary retirement in 2016. An accomplished business technocrat and a resourceful administrator, Mr. Alkali supervised the Small and Medium Enterprises (SME) and other private sector developmental initiatives of the Bank of Industry from 2005 to2009, amongst other responsibilities. Mr. Alkali serves as member of several Federal Government and Private sector boards and committees, including the Governing Council of SMEDAN, the Institute of Directors (IOD) and the Chartered Institute of Bankers of Nigeria (CIBN), amongst others. Mr. Alkali was appointed to the Board of the Company on 1st October, 2017.

Mr. GERSON PARREIRA SILVA (Non-Executive) is a Chemical Scientist with competency and specialization in Polyurethane (PU) Systems, a core production component of Vitafoam, and Vitapur (a sandwich panels and chemical systems subsidiary of Vitafoam). In the course of his brilliant career, Mr. Silva has worked in several frontline chemical systems organizations across the globe including Dow Chemicals (one of the leading chemical companies in the world) for 18 years as a chemical scientist and analyst. Having acquired know-how of chemical systems application at DOW, Mr. Silva in partnership with like minds, proceeded to establish PURCOM. , one of the largest Chemical System Houses in South America. PURCOM is an internationally acclaimed producer of various PU applications and systems.

Mr. Silva is a widely travelled Consultant on PU Chemical Systems. Mr. Silva, a Brazilian was appointed to the Board of the Company with effect from 1st October, 2017.

Board of Directors

1. Dr. Bamidele.O. Makanjuola - Chairman
2. Mr. Taiwo A. Adeniyi - Group Managing Director
3. Mr. Abbagana M. Abatcha - Group Technical & Dev. Director
4. Mr. Gerson P. Silva - Director
5. Mr. Mohammed G. Alkali - Director
6. Mr. Sam N. Okagbue - Director
7. Mrs. Adeola Adewakun - Director
8. Professor (Mrs.) Rosemary I. Egonmwan - Director

09 THE PAST YEAR'S EVENTS IN PICTURE

2018 First baby born to the family of Kudaisi

Official opening of Vitafoam calabar showroom.2

World Sleep Day 2017, Walk for Sleep 2017

Presentation of Mattress and Pillows to Society of the Blind

Donation of Furniture, mattresses and Pillows to Yaba Psychiatric Hospital Sleep Clinic.

Presentation of gifts to the first baby 2018

Presentation of gifts to Island maternity management Staff

2017 Vitafoam Group Sales Conference

CHAIRMAN'S STATEMENT

Distinguished Shareholders, Representatives of Regulatory Bodies, Ladies and Gentlemen, I am pleased to welcome you to the 56th Annual General Meeting of our company, Vitafoam Nigeria Plc. At this meeting, I have the honour of presenting to you the Audited Financial Statements and Reports for the financial year ended 30th September, 2017 including an analysis of the company's performance. But first, I would like to review major developments in the operating environment during the outgoing year.

BUSINESS ENVIRONMENT

The 2016/2017 financial year was indeed very challenging. Nigeria's economy began a slow recovery from the crippling recession that had rocked the domestic economic landscape, starting with the negative GDP growth recorded in Q1 2016. After two successive contractions, the economy was technically in recession, chiefly due to tough global macroeconomic conditions, including a slump in the price of commodities. Of particular relevance to Nigeria was the sudden slump in crude oil price just when our political environment was attaining some measure of stability. The subsequent glacial upswing in the economy aligned with the IMF's projection that Nigeria will recover from recession in 2017. It should be acknowledged that the recovery was partly a testimony to the resilience of the Nigerian spirit.

During the downturn, the naira experienced an unprecedented plunge, hitting a low in February 2017. On the official exchange window, the naira exchanged at about N305 per dollar but the parallel market traded at a record low of about N522 to the US dollar, as at February 2017. According to the World Bank, Nigeria's average per capita income dropped to $2,178 in 2016. This was the lowest it had been in three years. Also, the unemployment and inflation rates hit 14% and 18% marks respectively, the highest levels since 2010. At the peak of the economic crisis in 2016, the global price of Brent crude fell below $32 per barrel from over $63 in the preceding year, while the nation's external reserves dropped to $25.8 billion from over $32 billion in the prior period. This was indeed a troubling phase in the nation's economic history with virtually all sectors of the economy and the citizenry severely affected. Needless to say, this had a direct negative impact on our company's business, as the purchasing power of local consumers became largely depleted.

Marginal recovery from recession occurred when GDP growth of 0.72% was recorded in the second quarter of 2017. The trend was sustained by a 1.40% growth in the succeeding quarter. This recovery was attributed to the general improvement in macroeconomic conditions, such as the rebound in oil price from around $38 per barrel in early 2016 to $60 per barrel by the end of the third quarter of 2017. Other contributing factors included the improvement in foreign exchange supply into the economy, increased foreign exchange earnings from non-oil sources, reduced hostilities in the Niger Delta region, and the preferential production quota from the Organization of Petroleum Exporting Country (OPEC).

Having navigated this dark alley, it is hoped that we have learnt cogent lessons that can potentially change our worldview and priorities as a nation. Regrettably, Nigeria is perceived as a nation where history often repeats itself in a rather inscrutable way, sometimes tragically. The Federal Government should therefore take advantage of the prevailing sobriety to restructure and re-engineer the economy away from over-reliance on oil exports, and imports, while discouraging the culture of waste and avarice within both the public and private sectors.

In April 2017, President Buhari launched the much-anticipated 4-year (2017 - 2020) medium-term development plan, tagged *Economic Recovery and Growth Plan* (ERGP). Major highlights of the plan include massive investment in social infrastructure; job creation; poverty reduction; increase in Foreign Direct Investment flow from $3.1 billion to $10 billion; improvement of Nigeria's ranking in the World Bank's *Ease of Doing Business Index* from 169 to 100, and reform of the public sector, amongst others. This is undoubtedly a very laudable and overarching project that can transform the socio-economic future of the nation and provide the citizens with a concrete and hopeful lifeline. Implementation however remains a key concern, particularly if we recall that similar economic plans of past administrations were consigned to bookshelves to gather dust after expending valuable time, resources and goodwill.

The government strove to reassure the populace of its strong commitment by setting up a Presidential Enabling Business Environment Council (PEBEC) on *Ease of Doing Business*. The focus of this initiative is to remove the age-old clogs to business activities in the country. It is heart-warming to note that some State Governments have embraced this initiative by liberalizing access to land and reforming the process of obtaining *Certificates of Occupancy* at significantly reduced cost. Additionally, they have introduced mechanisms to simplify the process of contractual dispute resolution, free of the legal impediments and interminable adjournments of the regular court process.

Furthermore, efforts are ongoing towards the automation of relevant agencies and departments that interface with the private sector. This is a great leap forward for the government. Auspiciously, Nigeria was adjudged to have moved up 24 places in its *Ease of Doing Business* ranking after 10 years of decline. This is a favourable development that signals that other elements of the ERGP will be implemented to achieve the desired results which, hopefully, will move Nigeria in the right direction. However, the perennial traffic gridlock at Apapa, the nation's foremost seaport, and the cumbersome clearing procedures should be addressed to avoid stalling the gains of the ERGP and other initiatives.

The Federal Government's anti-corruption drive gained further impetus during the year with the searchlight beamed at culpable government officials. Despite notable improvements in the campaign, the handling of a few high-profile cases left much to be desired, thus fueling the speculation that the process may have been hijacked. However, I hope that the President will find ways to sustain the momentum.

On an encouraging note, the government deserves commendation for its firm resolve in the fight against armed insurgency, towards restoring peace to the North-East. A recent report from credible sources revealed that Nigeria has recorded a 63% reduction in terror-related casualties. While many battles were won, total victory has not been achieved, judging by the intermittent attacks on soft targets by suicide-bombers. We hope that the military will redouble its efforts to restore lasting peace that is supportive of commercial activities in the affected areas.

Across the country, we expect that these positive developments will yield a more conducive business environment in the 2017/2018 financial year.

FINANCIAL PERFORMANCE

Despite the challenging business environment, our company's turnover increased to N15.92 billion in 2016/2017 from N12.18 billion in 2015/2016. Profit Before Tax however decreased from N522.7 million in 2015/2016 to N290 million in 2016/2017, while Profit After Tax also decreased from N412 million in 2015/2016 to N190 million in 2016/2017.

Our company's performance was severely constrained by adverse socio-economic conditions, some of which are highlighted above. Ostensibly, the company operated below installed capacity due to disruptions to

raw material inflow and foreign exchange scarcity in the first half of the financial year. The nascent improvement in macroeconomic conditions, particularly forex availability in the second quarter of the year (or third quarter of Vitafoam's financial year) did little to assuage the distressing situation at the tail-end of the company's financial year. While forex availability in the latter part of the year offered some respite, bank lending to finance Letters of Credit and Forward Contracts came at prohibitive interest rates.

This was further aggravated by illiquidity and a stringent regulatory regime in the banking industry. Because more than 80% of our raw materials are imported, the free fall of the naira value, officially by 55%, and 83% in the parallel market window, resulted in the technical depletion of available working capital to run the business, thus necessitating increased borrowing to finance our operations. In addition to the foregoing, commodity prices continued to rise in the world market and, due to the paucity of funds available to your company, over 82% of needed raw materials were sourced from exploitative local vendors. Hence, management had no choice but to periodically increase product prices. However, only a fraction of additional operational costs could be passed to consumers due to the economic downturn. Unsurprisingly, all these factors resulted in a sharp drop in gross margin by 6.7%, which translated to N1.07 billion in reduced bottom line.

With Treasury Single Account (TSA) implementation, mopping-up of liquidity in the economy to control inflation by the CBN, and attractive Treasury Bills rates (of up to 18.5%), available loanable funds became extremely scarce during the year under review. This significantly increased bank lending rates by about 32.4% (from 18.5% 2016 average to 24.5% 2017 average). Increase in commercial banks' lending rates, coupled with our increased borrowing, resulted in finance cost of N1.18 billion for the financial year.

The good news is that, in the last week of December 2017, management successfully obtained a N2 billion Bank of Industry (BOI) loan. It is a 4-year structured working capital loan at 12% interest rate per annum. This intervention will reduce our finance cost and boost available funds to run the business.

After every economic recession, historical antecedents suggest that a new era of prosperity and progress usually emerges. Our company is fully cognizant of this trend and has already utilized the difficult year to fine-tune its strategies for the incipient opportunities. For instance, the spring mattress segment has been perfected and is now positioned as an alternative offering to foam mattress. As the market leader in the bedding industry, we are committed to bring about the paradigm shift from foam mattress to spring mattress. Both our company and Nigerians in general stand to reap manifold benefits – higher profitability, increased value for money, price friendliness, and a cleaner environment, among others.

In an increasingly competitive market, creativity and innovation hold the key to maintaining our market leadership. To stay relevant and competitive with quality and appealing products that meet international standards, we have strategically invested in side-boarder pattern-making machines, foam pipe-making and fibre sheet plants. All these hi-tech machines will be used to give our products good finishes that are comparable with imported variants. In addition, these innovative production techniques will significantly reduce waste.

The online selling platform (Response Centre) is being revamped and rejuvenated to create a unique shopping experience for our teeming consumers in line with global trends. To support this drive, the distribution chain will receive an impetus during the year with a focus on greater speed and just-in-time delivery. Going by the current recovery trajectory of the economy, I am infinitely confident of our capacity to leverage the growth initiatives of the government to create greater value for our shareholders in the coming years.

DIVIDENDS

Despite the obstacles encountered during the financial year and the resultant fall in profitability, the Board has decided to recommend a dividend payout of N156 million representing 15 kobo per share, subject to withholding tax. This payment is further confirmation of the Board's confidence that the company is already on the mend and that our future performance looks solid.

THE GROUP

Despite the difficulties facing the Nigerian economy, our

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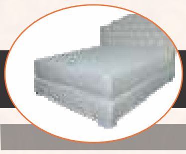
business remains strong and continues to show great flexibility. The company undertook a strategic review of operations across the business units to ascertain continued alignment with broader transformation objectives, and to ensure that the critical elements are not compromised.

It is gratifying to inform you that the rigid polyurethane subsidiary, **Vitapur Nigeria Limited**, has become a source of hope and inspiration. This subsidiary is gradually enlarging its footprint in the insulation panel and systems house business, with a groundswell of inquiries from both private and public institutions across the country. We are also expanding the frontier of the business with support from notable foreign partners in Systems House. I am pleased to inform you that this subsidiary posted profit for the second year running and appears to have stabilized. Vitapur remains the flagship and the centerpiece of the diversification programme embarked upon some years back. I am glad it has become a modestly successful enterprise. Furthermore, I am now confident that the potentials of this hi-tech business will fully crystallize in the coming years to the delight of our shareholders.

Our moulded foam products subsidiary, **Vitavisco Nigeria Limited**, has continued to operate profitably. It is growing slowly but steadily. It is hoped that very soon (possibly within the current year), Vitavisco will commence production of moulded seats for the car and motor-cycle assemblers in the country, and also for furniture makers.

On its part, our soft furnishing subsidiary, **Vitablom Nigeria Limited**, has maintained its profit-making streak although this was attenuated during the year by the adverse economic conditions in the country. To strengthen the revenue base and profitability of this business, a fibre-sheet processing plant was purchased and was successfully installed and commissioned late 2017. It will be fully operational by the start of the third quarter of this financial year. By this acquisition, we hope to dominate the fibre-sheet market in the country. Also, the incorporation of fibre sheets in our mattress-making process will reduce the cost of production and improve the aesthetics of our products.



The furniture arm, **Vono Furniture Products Limited**, a newly formed and wholly owned subsidiary, has demonstrated good prospects after only 18 months of operations. We anticipate that the company will turn a profit as soon as the set-up costs are fully expensed next financial year. This company's main attractions are the high margin and lean operation methodology. I am hopeful that this business will consolidate and achieve robust, market-leading performance in the short to medium term.

The footwear subsidiary, **Vitagreen Nigeria Limited**, grew revenue by 171% and reduced loss by 95.4% during the year. Arrangements are nearing completion to revamp its operations for increased turnover and enlarged market reach.

The new addition to our group, **Vitaparts Nigeria Limited**,a filter manufacturing business, was scheduled to commence operation during the last financial year. Unfortunately, its launch was deferred due to the paucity of funds to finance the final stages of the set-up programme. The underlying depreciation of the naira, coupled with the scarcity of foreign exchange, created a huge funding deficit. We however stand firm in our resolve to conclude this project despite teething problems. I am delighted to inform you, distinguished ladies and gentlemen, that the fabrication of the plant has been completed, and prototype oil filters produced from the plant are already eliciting interest from our test-marketing strategies. We expect that the shipment, installation and commissioning of the plant will occur before the end of the third quarter of the current financial year.

Fellow Shareholders, our foreign operations continue to pose a grave challenge despite myriad intervention measures. **Vitafoam Sierra Leone** operation is constrained by the huge loan repayment obligation to fund set-up costs. In retrospect, our decision to refinance the initial dollar-denominated IFC facility through a local bank was our saving grace, in view of the subsequent foreign currency volatility that bedeviled several economies in the West African sub-region, including Sierra Leone. Notwithstanding, financing the prevailing local currency loan remains a drawback to the company's progress. However, it is worthy to note that the company improved its revenue by 44%, thus reducing the loss before tax by 42.5%. Going by this trend, the company will soon break out of the current loss-making spell and begin to post profit, once the loan repayment issue is fully resolved. Our export from Sierra Leone to Guinea has met with tremendous success, with Vitafoam slowly becoming a household brand in that country. We intend to replicate this success story in Liberia in the new financial year.

As for **Vitafoam Ghana Limited**, we have commenced a reality check of this business, in view of repeated losses, and shortly will take a decision that will be in the best interest of our shareholders.

Overall, I would like to assure all our shareholders that your trust in our ability to manage the business efficiently will never be betrayed. I will therefore continue to solicit your understanding and support, as we steer our various investments to the point of convergence for value enhancement in the near future.

BOARD OF DIRECTORS

During the year, we suffered the unfortunate loss of a prominent member of the Board in the person of Engr. (Mrs.) Florence Seriki to the cold hands of death. Her demise at such a relatively young age was indeed a dreadful loss to her family and, not the least, our company. She will be fondly remembered for her profoundly enriching contributions to the success of our transformation initiatives and for the many lives she touched. Distinguished Shareholders, I would like to crave your indulgence to rise for a minute's silence in honour of the dearly departed.

Also in the course of the year, Mr. Olatunji Anjorin, erstwhile Group Corporate Services Director, resigned from the Board to pursue other interests. On behalf of all the Shareholders, I would like to thank Mr. Anjorin for his sterling contributions to the group and to wish him much success in the years ahead.

Consequent upon the various vacancies on the Board, and after a painstaking selection process, I am pleased to announce the appointments of three additional Non-Executive Directors. They are Mr. Mohammed Goni

Alkali, Prof. (Mrs.) Rosemary Egonmwan and Mr. Gerson Silva, a Brazilian. The new directors are well-accomplished in their respective fields and bring onto the Board diverse skills and competencies that will enrich its performance. Please join me in wishing them a successful tenure. Kindly refer to page 10 of this Annual Report for the bio-data of the new directors.

OUTLOOK

The modest improvement in economic activities, following a harrowing period that virtually grounded the economy, demonstrated the enterprising spirit of Nigerians. This reinforces the widely held belief that Nigeria can achieve its undisputed potential if our ingenuity and positive energy are creatively deployed. Policy makers should seize the momentum to implement broad-based and life-enhancing policies that will restore public confidence, and accelerate economic growth.

While the current growth rate is patently weak and tenuous, paraphrasing the Governor of the Central Bank of Nigeria (CBN), the current monetary policy direction of the apex bank combined with fiscal discipline by the Federal Government, offers tremendous prospect for prolonged recovery. Expansionary monetary policy framework, including efficient management of forex, will play a pivotal role in driving economic dynamism in the post-recession era, particularly for the manufacturing sector. However, the strategic alignment of monetary, fiscal and economic policies will be imperative to achieve sustainable national development.

The current resurgence of global oil price is expected to buoy the nation's external reserve outlook and foster infrastructural spending by the government. It is worthy to highlight the government's infrastructural renewal plan, through the Public Private Partnership (PPP) initiative, a key component of the EGRP. Experts have projected that the country needs to spend $14 billion per annum for the next 10 years, in order to close the existing infrastructure gap. A significant rise in the current budgetary allocation is therefore advocated to realize the full potentials of the economy. Our company and its subsidiaries are primed to reap the low-hanging opportunities from the impending boost in public infrastructure and other growth prospects.

Buoyed by the recent injection of the freshly sourced N2 billion into our operations, we hope to leverage our innovative pedigree and strong presence in markets across the nation to achieve superior performance. Except for one or two relative laggards, most of our subsidiaries have now reached maturity, and are extremely well-positioned to bolster shareholder value and outpace the competition.

CONCLUSION

In conclusion, I would like to thank all our shareholders and trading partners for your support and trust in the Board and Management of the company. We are immensely encouraged by your deep spirit of devotion to the long-term success of our company.

Permit me to also express our appreciation to the Management team of our company, and all our employees across the group, for their dedication and loyalty despite the difficulties posed by the economy.

Last but not the least, I thank my fellow directors for exhibiting an indefatigable spirit and focus during these turbulent times. Your support and encouragement have made it possible for us to provide the right leadership and direction for the company and these are greatly appreciated.

I thank you all for your attention.

B. O. Makanjuola
CHAIRMAN

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RESTAURANT TABLE

CHAISE LOUNGE

VITA POUF

11

GENERAL MANDATE CIRCULAR

Information in respect of General Mandate

In compliance with the Rules of the Nigerian Stock Exchange governing transactions with Related Parties and Interested Persons, the Company is seeking renewal of the general mandate of Shareholders under item no.7 of the agenda of the Annual General Meeting.

The aggregate value of all transactions entered into with related companies during the financial year as stated on note 36 page 101 of this Annual Report and Accounts is more than 5% of the latest net tangible assets or the issued share capital of the Company.

For smooth conduct of business, the Company will continue to procure goods and services that are necessary for its operations from related companies in the next financial year and hereby seeks a renewal of the general mandate from Shareholders for transactions with related companies that are of trading nature and those necessary for the day-to-day operations, that are more than 5% of the latest net tangible assets or the issued share capital of the Company.

Relevant details for Shareholders' consideration are as follow:

1. The class of interested persons with which the Company will be transacting during the next financial year are subsidiaries of the Company;
2. The transactions with the related companies are of trading nature and those necessary for its day-to-day operations;
3. The transactions shall be on normal commercial terms and shall not be prejudicial to the interest of the Issuer and the minority Shareholders;
4. The rationale for the transactions are that they are cost-effective and complementary to the company's business and generally necessary to the operations of the company;
5. The method or procedure for determining transaction prices is based on the company's transfer pricing policy;
6. The Company shall obtain a fresh mandate from Shareholders if the method and procedure in 5 above become inappropriate;
7. Disclosure will be made in the Annual Report of the aggregate value of transactions conducted pursuant to this general mandate;
8. The interested person shall abstain, and has undertaken to ensure that its associates shall abstain, from voting on the resolution approving the transaction.

REPORT OF THE DIRECTORS

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The Board of Directors of Vitafoam Nigeria PLC ("Vitafoam" or "The Company") is pleased to present the Annual Report together with the group and company's audited financial Statements for the year ended 30th September 2017.

1. OUR BUSINESS

The company and her subsidiaries (Vitapur Nigeria Limited, Vitablom Nigeria Limited, Vitavisco Nigeria Limited, Vitagreen Nigeria Limited, Vitafoam Ghana Company Limited and Vitafoam Sierra Leone Limited) engage in the manufacture, marketing and distribution of flexible/rigid foam and fibre products and textile linens in Nigeria and two other West African countries (Ghana and Sierra Leone). These are complimented by quality furniture products (metal and wood) from Vono Furniture Products Limited, a wholly owned subsidiary of Vitafoam. The vast array of products from the group are tastefully designed and manufactured to meet consumers' needs in offices, homes, health institutions, hotels, oil and gas, automobile and agricultural sectors. Technical foam products which are usually manufactured to customized specifications are also supplied as semi-finished products to various industrial groups.

We specialize in enhancing quality lifestyle and offering comfort to our esteemed customers with a rich product mix that consists of foam, spring and orthopaedic mattresses, pillows, cushions, complete bed sets and various ancillary items such as protectors and bedding linen. Our products are affordable and available to various segments of society. The company has processes that integrate products' research & development, manufacture, test and inspection, quality assurance and marketing. The company's goal is to remain the most professional, reliable and high quality comfort solutions provider.

The following are the major products offerings:

a**) Inner Core Spring Mattresses**
Inner core spring mattresses are designed and produced using the latest technology offered by our Infinity spring machine.The continuity of the coils makes the product more rigid, firmer and lighter than the older versions. This technology has made it possible to offer exquisite premium products of improved reliability and aesthetics. In its construction the following are incorporated: regular flexible foam, visco-elastic foam, steel coil, felt, chip foam, etc. The various branded variants of these product lines on offer are the following: Vita Spring Firm, Vita Spring Flex, Vita Spring Glow, Vita Divan Bed and recently introduced Vita Spring Bed.

b) Regular Flexible Foams
The segmentation of our products (Early days, Lifestyle, Premium Health and Leisure) has made it possible for consumers across different age groups and status to benefit from the array of good quality products on offer.

In the Early Days segment are products that are of great interest to nursing mothers such as baby mat, baby cot mattress, baby pillow, baby feeder, baby solid and baby back support, and many others.

Stylish and trendy life style products of varied profiles, contours and are now offered to our discerning customers. Some of the brands in this segment are: Vita Sofa bed, Vita Solid, Vita Roll, etc.

The Premium Health segment comprises mainly high quality mattresses and pillows. These products are commonly offered in branded standard sizes but when demanded are customized. Some of the popular mattress and pillow brands are: Vita Supreme, Vita Galaxy, Vita Super, Vita Grand, Vita Hospital Mattress and Dove.

The Leisure segment comprises products that are good for sports enthusiasts and support for varied lifestyles. This range of products are essentially portable/trendy/ flexible mats that can be used indoor and outdoor.

c) Fibre-Based and Allied Products

These are the only Vitafoam product range that is not PU foam based. Most of the products in this category are: pillows, cushions, duvets and textile linens. Some of the branded fibre based products in the market are: Jumbo, Gazelle, Flip, Music pillow, Tuxedo and Vita duvet. In addition to the foregoing fibre based products, linens (bed sheets and pillow slips) of various textures, sizes and designs are on offer. In line with our innovation drive, the company has invested in the acquisition of a fibre sheet making machine which will produce fibre sheets for furniture and quilting of mattress covers and duvets.

d) Rigid Foam

Our rigid foam segment championed by Vitapur continues to hold great prospects for growth and diversification of our business into the potentially highly lucrative rigid foam market. The installation of modern process equipment (SAIP PLANT) has positioned our company to become a major player in anumber of industries listed below. The following are some of the products offerings:

Agriculture: Rigidfoam panels for thermal insulation of poultry farm houses ware houses.

- Oil and Gas: Cryogenic insulation of process plants and thermal insulation of pipelines

- Building and construction:
  (i) Insulation of roofs and concrete platforms.
  (ii) Composite panels for partitioning, cladding and structures
  (iii) Provision of insulated and non-insulated roofing sheets.

- Food processing/pharmaceuticals: Thermal insulation panels and sections used in insulation of cold and chill rooms, clean rooms and other controlled environment

The subsidiary has already stabilized and is poised to turn out impressive performance in the coming years.

e) **System House Project**

Vitapur in partnership with the United Nations Development Programme (UNDP) pioneered setting up of a System House (chemical blending factory) in the country. This project is currently at an advanced stage of completion. At completion, Vitapur will be positioned to sell chemicals to other producers of sandwich polyurethane in Nigeria and West African sub-region.

The system house currently supplies the parent company (Vitafoam) chemicals that are used in the production of reconstituted and flexible foams as part of our backward integration proposition. This will afford Vitafoam the advantage of just-in-time procurement of chemical materials for use without the need to stock.

f) **Visco-elastic (Memory) Foam**

Vitavisco Nigeria Limited is a hi-tech operation that specializes in the manufacture of visco-elastic

(memory) foam products for the fast growing furniture and automobile industries. The company is being positioned to take advantage of opportunities from the government's automotive policy. Areas of interest are production of vehicle seats, bumpers etc. Judging by recent performance trend, we are optimistic of a decent contribution from this subsidiary to the growth of our business. Brands currently traded are Vita Cool, Vitalite, Vita Seat Support and Vita Neck Travel and Physiotherapy products, amongst others. This range of high-tech foam products offers a unique experience of pressure sensitivity and resilience.

g) Furniture Products

Vono Furniture Products Limited has been playing active role in the household and institutional furniture business (wood and metal). The resultant synergy enables both companies to jointly execute contracts that incorporate total solutions for offices, bedrooms & lounges in homes, public and hospital settings.

h) Expansion and Diversification Schemes

Vitafoam Group's expansion drive to the West African sub-region (Ghana and Sierra Leone) has gained a strong footing. The factory in Sierra Leone is already turning out products of high quality standards. This subsidiary has commenced export of high quality products to Guinea as part of market expansion whilst strengthening collaboration with the government of Sierra Leone and other humanitarian agencies towards mass production and distribution of quality mattresses in Sierra Leone. Our plan to commence export to Liberia is expected to come to realization in the current financial year thereby turning the entire sub-region into a captive market for all well-known Vitafoam brands.

i) Footwear

Our footwear manufacturing subsidiary, Vitagreen Nigeria Limited is involved in the manufacture and distribution of polyurethane shoe soles and sandals for the fast growing footwear industry in Nigeria. Feedback from the market suggests that the offerings from this subsidiary are well received. This range of footwear offers unique experience of softness and light weight. The brands currently traded are Vitasoft, Lekkisoft, Aerogreen, Safari, amongst others.

j) In line with its expansion drive, the company invested in a new line of business of oil filter production. The new company (Vitaparts Nigeria Limited) could not commence production in the second quarter of the 2017 financial year as envisaged due to the economic recession in the country but is expected to open for business by second quarter of 2018 financial year.

2. TRADING RESULTS

The financial results for the year ended 30th September 2017 are summarized below:

	GROUP		COMPANY	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Turnover	17,695,820	13,569,873	15,921,022	12,189,558
Profit before taxation	18,133	61,198	290,280	522,757
Taxation	(145,823)	(93,230)	(99,740)	(110,371)
Loss/Profit after taxation but Before non-controlling interest	(127,690)	(32,032)	190,540	412,386
Non-controlling interest	24,270	7,240		
Total comprehensive (loss) income for the year	(18,570)	(274,426)	289,038	337,609

3. **DIVIDEND**

The Board has recommended a dividend of N156.3million representing 15kobo per share to shareholders for declaration at the next Annual General Meeting. The dividend recommended, when approved, is subject to withholding tax at the appropriate rate.

4. **FIXED ASSETS**

The sum of N114.2M (group) and N68.6Million (company) were invested in property plant and equipment during the year to upgrade production facilities.

5. **SALES AND MARKETING**

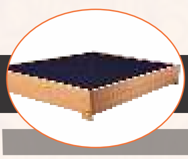
Vitafoam has over the years evolved from being a manufacturer and marketer of flexible, reconstituted and rigid foam products to providing complete household furniture and bedding solution. The marketing drive has been geared towards creating products awareness to end-users. We are determined to ensure that Vitafoam products are visible in every home, hotels, schools and offices in the country regardless of the age, and other social status of the occupants.

In protecting the core of our business, three new products were introduced during the year, namely Vita-haven, Vita-galaxy Classic and Spring Super. Other existing brands were greatly upgraded to world-class standard in quality and packaging to the delight of our customers and consumers.

Customer service experience is a journey we are willing to travel all the way in order to serve our customers and consumers better. In the course of the year, we discovered opportunities to grow our market base among the youths; hence we further extended our marketing communications through social medial channels to reach the youths. All of these have enabled us to respond to them faster, providing tailor-made products (Spring Super and Music neck pillows) and services to meet with their aspirations.

6. **RESEARCH AND DEVELOPMENT**

Design and development of innovative products remains the cornerstone of our drive into the future. In developing our wide range of products, efficient production processes are in-built to achieve further competitive edge in our product costing and other cost elements.



7. DONATIONS AND GIFTS

The following donations were made during the year ended 30 September 2017:

BENEFICIARIES	AMOUNT ₦
Support towards UNILAG Conference	940,000.00
Support Standards Organization of Nigeria (SON) Conference	250,000.00
News Media Advertorials For Deceased Directors	1,572,825.00
Employees' Welfare	743,900.00
Community Relations	848,400.00
Others	750,000.00
TOTAL - COMPANY	**5,105,125.00**
Sundry donations by all subsidiaries	1,254,875.00
TOTAL - GROUP	**6,360,000.00**

8. HUMAN RESOURCES MANAGEMENT

The company places emphasis on efficient management of available human resources as the basis for good performance. The company's strategy is to always attract and retain well motivated talented personnel in all areas of activities. This ensures continual growth and development of the organization. Some key strategic initiatives adopted in the company's drive to maintain productive work environments are the following:

(a) Group Synergy

As part of cost effective approach to Human Capital Development, the group structure has provided a platform for shared services and synergy in our operations. Resources that are available in the group are optimally utilized to achieve better results.

(b) Safety, Health & Welfare

At all the company's factory and office sites world-class best-in-class Safety and Health practices are deployed. Where needed, experts in Safety Health &Environment are invited to give necessary assistance. In addition to the foregoing, the company periodically organizes awareness programmes such as "Safety Week", "Health Talk" and many other related activities. Our Physiotherapy clinic managed by a competent consultant offers professional services to the employees. The company continues to retain the services of a government registered Health Management Organization (HMO) who efficiently manages all health matters of employees and qualified dependants.

(c) Employee Involvement

In pursuit of our employee engagement policy aimed at engendering a happier workforce and making Vitafoam a great place to work, we have continued to implement a number of 'gift work' and employee-friendly initiatives. This is borne out of the belief that human capital is indubitably the pivot and driver of corporate success. A happy and motivated workforce will necessarily give rise to a prosperous organization and increased stakeholders' satisfaction.

Town Hall meeting, a quarterly forum for management-employee interaction has become a veritable platform to gauge employees' mood. Feedback from the forum has been found highly invaluable in accentuating our employee value proposition through the formulation of employee-friendly initiatives apart from eliciting a sense of ownership. The Human Resource function has also developed a culture of periodic informal briefings and interaction with staff representatives to resolve staff related issues at incipient stage thereby forestalling any likelihood of restiveness. This has increased the level of trust and confidence. The approach bridges communication gaps that could trigger industrial disharmony. Management and staff relations in the Company are very cordial.

(d) Human Capital Development

The cognitive capacity of employees constitutes the most valued assets of the Company. Our non-discriminatory recruitment process is structured to attract and retain the best talents who, through proper induction, embrace the Vitafoam culture of quality and excellent service delivery.

The Company believes in continuous improvement of knowledge and as such, all categories of staff attended courses and seminars both locally and internationally. These are in addition to the regular on-the-job training across operational sites. As part of efforts to remain a learning organization, a monthly knowledge sharing session is held, during which a chosen employee is invited to lecture on a topic of interest to the generality of the invitees.

(e) Performance Management System (PMS)

The Company's performance management system is aimed at encouraging superior performance at all times. While the system rewards good performance, it also sanctions poor performance. The PMS has been made more robust with increased focus on people development issues and reward for excellence. Appraisal interview sessions are conducted in a manner by which career development of the appraisee is structured and mapped out. The exercise also gives management the opportunity to garner suggestions of how to manage the organization better.

9. CORPORATE SOCIAL RESPONSIBILITY

Vitafoam is committed to uplifting the well-being of the immediate community around her operational sites and participates in credible programmes in the general society. The company's CSR efforts are primarily targeted at the following areas of identified needs: health care, education and security.

i. Over the years the company has continued to give material support to maternity homes, orphanages, general hospitals and handicapped societies. Of note is the yearly Vitafoam's First Baby of the Year initiative by which the company donates products to the first three babies born at the Island Maternity Hospital. The company also seizes the opportunity to donated hospital mattresses and furniture. On ad-hoc basis many other initiatives that endeavor to alleviate suffering of traumatized groups within the general society are deployed. All regions of the country benefit from these initiatives.

ii. One CSR initiative the company is very proud of is her well developed and impressive programme for tertiary institution's students on Industrial Attachment (under the SIWES scheme).Almost the year round students on attachment (average about 40 persons) can be found in our various operational sites undergoing well supervised training that promote acquisition of various management/technical skills.

iii. Whenever there is a Vitafoam factory keen interest is taken by the local management in security arrangements within the community. Financial support is always given to all local law enforcement agencies.

10. CORPORATE GOVERNANCE REPORT

The company's business is driven by collective commitment to a culture of integrity, accountability and transparency. We continually ensure that our operations are conducted in line with good moral and ethical standards while obeying relevant legislations. Our goal is to remain a responsible and responsive corporate organization committed to ensuring healthy and comfortable living while contributing positively to the overall growth of the country.

The Board of Directors

The Board of Vitafoam Nigeria plc is responsible for enforcing compliance with good corporate governance practices and statutory enactments guiding business operations. The Board formulates policies that ensure strict adherence to operational ethics while prescribing sanction for infraction. It requests and scrutinizes information regarding internal control systems, risk exposures and relevant developments within the operating environment. The Board, through its various committees, ensures that credible and reliable accounting records are maintained which disclose at any time, the financial status of the company and ensure that the company's accounts comply with the provisions of Companies & Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004 and the standards set by the Financial Reporting Council of Nigeria. The Board is also responsible for safeguarding the company's assets by taking reasonable steps for the prevention and detection of fraud and other irregularities.

Composition of the Board, Appointment and Training

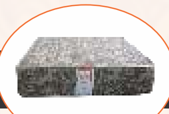
At the date of this report ,the Board consists of eight Directors: Six Non-Executive and two Executive Directors The profile of the Board of Directors, comprising distinguished individuals with diverse skills and competence in different areas of the company's business continually ensures the attainment of corporate objectives. The present mix and composition of the Board comprising two Independent Directors allows for broad and objective evaluation of policy framework for effective implementation of company strategy.

New Directors are selected through carefully articulated selection guidelines that place emphasis on integrity, skills and competencies relevant to the company's goals and aspirations. The policy confers on the Nomination and Governance Committee the responsibility for identifying individuals with track-record of outstanding achievement and potentials for value enhancement. Recommendations of the Committee are subsequently subjected to further scrutiny and deliberation by the entire Board before arriving at a decision. A newly appointed Director is made to undergo an induction and training program within and outside the company to equip him/her with requisite knowledge and information for excellent performance as a Director.

To keep abreast with developments in corporate practice and ensure quality participation in Board activities, existing Directors are made to attend periodic trainings on corporate governance and good business practice.

The Role of the Board

- The responsibilities of the Board include the following:
- Formulation and implementation of strategic policies
- Ensuring the integrity of the Company's accounting and financial reporting systems.
- Evaluation of the Company's risk profile and framework and ensuring alignment with the overall
- business growth and direction.



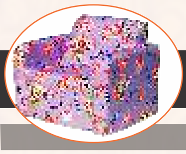
- Review and monitoring of expenditure, budgetary planning and controls and financing strategies through the committee on risk and finance
- Review periodically the effectiveness and adequacy of internal control systems and processes thereby ensuring that the Company is run in accordance with globally accepted standards
- Periodic review and evaluation of actual business performance and the state of the Company
- Instituting and implementing policies on succession planning, appointment, training and remuneration of Directors and senior management
- Review of reports of Board committees and ratifying their decisions
- Maintaining communication and acceptable interaction with shareholders
- Ensuring compliance with applicable laws, regulations and code of business practice
- Develop and implement plans for general business growth and expansion.

Board Meetings

The Board met four (4) times during the 2016/2017 financial year. The register of the Directors' attendance at Board meetings during the year is available for inspection at the Annual General Meeting in accordance with S.258 (2) of the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004. The following is the list of the Directors and their attendance at the Board meetings:

DIRECTORS	15/12/16	02/03/17	31/05/17	27/07/17
Dr. B. O. Makanjuola	✓	✓	✓	✓
Mr. T. A. Adeniyi	✓	✓	✓	✓
Mr. O. O. Anjorin	✓	✓	✓	✓
Mr. A. M. Abatcha	✓	✓	✓	✓
Engr. (Mrs.) Florence O. Seriki	X	X	CM	CM
Mrs. A. Adewakun	✓	✓	✓	✓
Mr. S. N. Okagbue	✓	✓	✓	✓
Mr. M. G. Alkali	NYA	NYA	NYA	NYA
Prof. (Mrs.) R. Egonmwan	NYA	NYA	NYA	NYA
Mr. Gerson Silva	NYA	NYA	NYA	NYA

Keys
✓ =Present
X =Absent with apology
CM =Cease to be a member
NYA= Not yet appointed



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Board Committees
The Board discharges its responsibilities through the Risk, Finance & General Purposes Committee, Establishment & Remuneration Committee and the Nomination & Governance Committee. To ensure objective and balanced consideration of issues, each of the Committees is chaired by a Non-Executive Director. The Committees operate within set guidelines and terms of reference approved by the Board of Directors. The following is the composition of the committees and records of attendance at the meetings:

A. Risk, Finance and General Purposes Committee
The Committee was chaired by Late Mrs. F. O. Seriki and met once during the year. The table below shows the list and attendance of members at the meeting:

Directors	31/01/17
Engr.(Mrs) F.O. Seriki	✓
Mr. A. M. Abatcha	✓
Mr. T.A. Adeniyi	✓

B. Establishment & Remuneration Committee
At the time of this report, the Committee comprised three Non-Executive Directors and one Executive Director. It is currently chaired by Mr. Sam. N. Okagbue, a Non-Executive Director. The Committee met once during the year. The table below shows the list and attendance of members at the meeting:

Directors	24/11/16
Mr. Sam N. Okagbue	✓
Mr. T. A. Adeniyi	✓
Engr. (Mrs.) F. O. Seriki	X
Mrs. A. Adewakun	✓

Keys
✓ = Present
X = Absent with Apology

C. Nomination & Governance Committee
At the date of this report, the Committee comprised three Non-Executive Directors and one Executive Director. It is chaired by Dr. Bamidele Makanjuola, a Non-Executive Director. The Committee met once during the year. The table below shows the list and attendance of members at the meeting.

Directors	16/06/17
Dr.Bamidele O. Makanjuola	✓
Mr. Sam. N. Okagbue	✓
Mr. T. A. Adeniyi	✓

Keys
✓ = Present

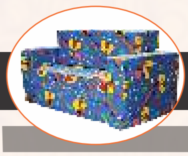
D. Audit Committee

In compliance with Section 359 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Company has a standing Audit Committee comprising three representatives of Directors nominated by the Board and three representatives of shareholders elected at the previous Annual General Meeting. All the members are equipped with relevant skills and experience for analyzing basic financial statements and making informed judgment. The Audit Committee's terms of reference include the statutory functions stipulated in Section 359(6) of the Companies & Allied Matters Act, CAPC20, Laws of the Federation of Nigeria, 2004 and the Code of Corporate Governance. The Committee is chaired by Chief Peter K. Asu, an experienced Chartered Accountant and a Fellow of the Institute of Chartered Accountants of Nigeria. The Company Secretary served as the Secretary to the Committee.

The Committee met 3(three) times between its inauguration and the time of this report and all the meetings were attended by the Internal Auditors and representatives of Deloitte & Touche Nigeria, the External Auditors. The following is a list of members of the Committee and their attendance at the meetings:

Members	26/04/17	26/07/17	18/12/17
Chief Peter. K. Asu	X	✓	✓
Mr. S. B. Adenrele	✓	✓	✓
Rev. I. Elushade Ibiyinka	✓	✓	✓
Mr. O. O. Anjorin	✓	✓	CM
Mr. Sam N. Okagbue	✓	✓	✓
Mrs. A. Adewakun	✓	✓	X

Keys
✓= Present
X = Absent
CM = Cease to be a member
NYA= Not yet appointed



Management

The daily running of the business is vested in the Executive Management Committee led by the Managing Director, supported by other Executive Directors and Heads of Departments. The Executive Committee holds a weekly meeting to evaluate performance of the various aspects of the Company's operations and make policy decisions in line with Board directives. The Committee sets targets for execution of tasks and reviews minutes at subsequent meeting to monitor compliance with such targets. The minutes of the meetings of the Committee are properly maintained at the secretariat. In addition, a monthly meeting of extended management (management committee members and functional Heads of sub-units) is held to review the performances of the various units and also to plan activities for the upcoming month.

To ensure effective coordination of activities of subsidiaries and associated companies within the group, a monthly group business review meeting is held where report of operations of each member are peer reviewed and extensively discussed. The forum ensures that group synergy is optimized for steady organic growth of the group. Group strategy session is held at the beginning of the financial year to review performance and plot growth strategy for the year.

Effectiveness of Internal Control

Management is responsible to the Board for implementing and monitoring internal control processes in all aspects of the company's business on day to day basis. The installation and deployment of Sage ERP X3 has continued to ensure that control breaches are considerably checkmated. The system, with inbuilt safeguards ensures the integrity and reliability of financial information generated on continual basis. Audit of the process is carried out periodically to ensure continued effectiveness and relevance to business scope and direction. The current internal control system of the company is reviewed periodically in line with the company's growth and the dynamics of the business environment. The current system is effective and adequate for the company's business and in line with standard practice.

Compliance with the code of corporate governance

The company's level of compliance with the code of corporate governance in the 2016/2017 financial year was adequate. Required statutory returns were submitted to the Securities & Exchange Commission, the Nigerian Stock Exchange and other regulatory bodies while appropriate disclosures concerning the business are made available periodically as required by relevant laws and regulations.

The Securities & Exchange Commission took some measures that are expected to significantly reduce cost of doing business including the plan to discontinue the issuance of dividend warrants. Shareholders are therefore enjoined to open e-dividend account by filling the e-dividend mandate form attached to the annual report, stamp it with their respective banks and send to Meristem Registrars Limited. The representatives of the Registrars are available after this meeting for further assistance.

11. DIRECTORS' INTEREST IN SHARES

Interest of the Directors in the Issued Share Capital of the Company as recorded in the Register of members and/or as notified by them for the purpose of Section 275 of the Companies & Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 are as stated below. Dr. B. O. Makanjuola's indirect shares were held on behalf of Temm Consulting Limited, a Private Limited Liability Company promoted by him.

	As at 30/09/2017 No. of Shares	As at 30/09/16 No. of Shares
Dr. B.O.Makanjuola (Direct)	2, 559, 272	2,116,0832
(Indirect)	13,946	126,135
Mr. T. A. Adeniyi	500,000	400,000
Mrs. Adeola Adewakun	120,000	120,000
Mr. O. O. Anjorin	50,000	50,000
Mr. Sam N. Okagbue	Nil	Nil
Mr. A. M. Abatcha	Nil	Nil
Professor (Mrs.) R. I. Egonmwan	Nil	Nil
Mr. Mohammed Goni Alkali	Nil	Nil
Mr. Gerson Parreira Silva	Nil	Nil
Engr. Mrs. F. O. Seriki (Deceased)	Nil	Nil

12. DIRECTORS' INTEREST IN CONTRACTS

None of the Directors have notified the Company for the purpose of section 277 of the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004, of any declarable interest in contracts with which the company is involved up to 4th December, 2017.

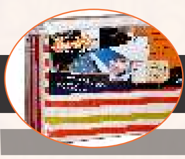
13. ANALYSIS OF SHAREHOLDING

(a) According to the Register of members, the following shareholders held more than 5% of the issued share capital of the company as at 30th September, 2017:

Shareholder	Units held	Percentage
Chief S. O. Bolarinde	123,777,195	11.87%
Ahwua Resources Limited	81,901,651	7.86%

(b) The shares of the company were held as follows as at 30th September, 2017:

Type	Shareholding	%	Shareholders	%
Corporate	360,384,774	34.57	1,575	3.86
Staff	183,313,451	17.59	483	1.18
Individuals	498,671,828	47.84	38,761	94.96
Total:	1,042,370,053	100.00%	40,819	100.00%



C. The range analysis of the shareholding as at 30th September, 2017 is as below:

Range			No. of Holders	No. of Holders %	Units	Units%
1	-	5,000	28,153	68.97%	37,243,082	3.57%
5,001	-	10,000	4,998	12.24%	35,706,161	3.43%
10,001	-	100,000	6,719	16.46%	182,092,356	17.47%
100,001	-	500,000	747	1.83%	150,101,930	14.40%
500,001	-	1,000,000	99	0.24%	69,814,218	6.70%
1,000,001	-	100,000,000	102	0.25%	443,635,111	42.56%
100,000,001	-	500,000,000	1	0.01%	123,777,195	11.87%
Grand Total			40,846	100.00%	1,042,370,053	100.00%

14. ACQUISITION OF SHARES

The company did not purchase any of its own shares during the 2016/2017 financial year.

15. CODE OF CONDUCT FOR DEALING IN SECURITIES

The Company has adopted a code of conduct prohibiting dealing in Securities of the Company by directors, senior employees and other related parties who by the nature of their relationship with the company may be in possession of price sensitive information. The code stipulates the period of prohibition, and the nature of disclosure required in such circumstances. The company has made specific enquiry of all directors and are not aware of any infringement of the code. Details of the policy are on the company's website-www.vitafoam.com.ng

16. COMPLAINTS POLICY

The Company has adopted a policy regulating and prescribing procedure for handling Shareholders' complaints by the Secretariat and the Registrars. Details of the policy can be found on the Company's website-www.vitafoam.com.ng

17. CODE OF BUSINESS ETHICS AND WHISTLE BLOWING POLICY

The Company has adopted Whistle blowing policy and Code of business ethics as a means of setting a standard of ethical behaviour in the workplace. A key component of workplace ethics and behavior is integrity which the Board is poised to uphold in order to ensure a culture of honesty and transparency at all levels of the company. Details are available on the Company's website-www.vitafoam.com.ng

18. RETIREMENT BY ROTATION

The Directors retiring by rotation in accordance with the company's Articles of Association are Mrs. Adeola Adewakun and Mr. Sam. N. Okagbue being eligible, offer themselves for re-election. Also, since the last Annual General Meeting, the following Non-Executive Directors were appointed, namely, Prof. (Mrs.) Rosemary Egonmwan, Mr. Mohammed Goni Alkali and Mr. Gerson Parreira Silva (Brazilian). In accordance with the Company's Articles of Association, the new directors will be presented for confirmation at the Annual General Meeting.

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19. **INDEPENDENT AUDITORS**

In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, Deloitte & Touche Nigeria have indicated willingness to continue in office as the company's Auditors. A resolution will be proposed at the Annual General Meeting to authorize the Board of Directors to fix their remuneration.

BY ORDER OF THE BOARD

OLALEKAN SANNI

Company Secretary/Legal Adviser
FRC/20I3/NBA/00000005309
19th December, 2017

REPORT OF THE AUDIT COMMITTEE

13

FOR THE YEAR ENDED 30 SEPTEMBER, 2017

In Compliance with Section 359(6) of the Companies and Allied Matters Acts, Cap C.20 Laws of the Federation of Nigeria 2004, we report as follows:

* We examined the scope and planning of the audit for the year ended 30 September, 2017.

* We reviewed the External Auditors' Management letter for the year as well as the Management's response.

* We also ascertained that the accounting and reporting policies of the Company for the year ended 30 September, 2017 are in accordance with legal requirements and agreed ethical practices.

* In our opinion, the scope and planning of the audit for the year ended 30 September, 2017 were adequate and management's response to Auditors' findings thereon was satisfactory.

Dated this 18 December, 2017

Chief Peter K. Asu (FCA)
Chairman, Audit Committee
FRC/2013/ICAN/00000001380

Other Members of the Committee are:

Rev. I. O. Elushade
Comrade S. B. Adenrele
Mr. Sam N. Okagbue
Mrs. Adeola Adewakun
Mr. O. O. Anjorin (up till 27/7/2017)

Mr. Olalekan Sanni
Company Secretary/Legal Adviser
FRC/2013/NBA/00000005309

INDEPENDENT AUDITORS' REPORT

Deloitte.

Opinion

We have audited the accompanying consolidated and separate financial statements of Vitafoam Nigeria Pie ("the Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated and separate statements of financial position as at 30 September 2017, the consolidated and separate statements of profit or loss, comprehensive income, changes in equity, cash flows for the year then ended, the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Vitafoam Nigeria Pie as at 30 September 2017 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with international Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the international Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and In forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the separate financial statements. Other Information

Key Audit

As at 30 September 2017, the equity of one of the Company's subsidiaries, Vitafoam Sierra Leone Limited, was a net liability of N85 million, which was lower than the carrying value of the Company's investment In the subsidiary. This was an indication that the Company's investment in the subsidiary may have been impaired.

Based on the above mentioned impairment indicator, the Directors carried out impairment test on Investment in the subsidiary using discounted cash flow model, as required by applicable accounting standards. The result of the test showed that the assets were not impaired.

To carry out the impairment test, the Directors made some significant judgements and assumptions in estimating the future value of the asset. The estimates include projected cash flows and annual growth rate. Refer Note 1.26 (Impairment of financial assets)

Investment in Vitafoam Sierra Leone is a significant balance in the Company's statement of Financial Position and are disclosed in note 39 to the Consolidated financial statements.

How the matter was addressed in the audit

In evaluating Directors' impairment test, we carried out substantive audit test on the Directors' estimates. We also checked compliance with the requirements of relevant accounting standards:

Our procedures included the following:

- Reviewed the measurement methods used by the Company and challenged the Directors' decision to choose the method used (Discounted cash flow model).
- Involved our internal experts in the review of the Directors cash flows projection, related assumptions and other supporting computations, Including the inputs used.
- Obtained and reviewed supporting documents and other evidence provided to support the Directors' future plans, which were incorporated in the cash flows projection.

- Reviewed the assumption in respect of the growth rate used by the Directors and assessing the reasonability. The factors considered by the Directors were also reviewed.

- Performed sensitivity analysis to assess the impact of any changes in the assumptions and inputs.

The Judgement and assumptions made by the Directors for the asset impairment test were found to be appropriate. The growth rate used appears to have been based on applicable supporting information.

The directors are responsible for the other information. The other information comprises the directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our report thereon.

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

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

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

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such Internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 SAs 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group and the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. f we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 Group and Company to cease to continue as a going concern.

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

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and 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 audit committee and 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 audit committee and/or 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we exp1ressly state that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) The Group and Company have kept proper books of account, so far as appears from our examination of those books.
iii) The Group and Company's financial position, statements of profit or loss and comprehensive income are in agreement with the books of account and returns.

Ijeoma Onwu,
FRC/ 2013/ICAN/00000001364
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria

CONTENT

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16 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Vitafoam Nigeria Plc are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and the Company as at 30 September 2017, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act 2011.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at anytime the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

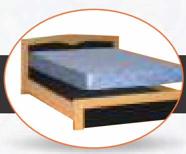
Going concern

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

The consolidated and separate financial statements of the Group and Company for the year ended 30 September 2017 were approved by the directors on 19 December, 2017.

Signed on behalf of the Directors of the Group:

Mr. Taiwo A. Adeniyi	Dr. Bamidele O. Makanjuola
Group Managing Director/CEO	Director
FRC/2015/IODN/00000010639	FRC/2013/NSE/00000005306



Consolidated and Separate Statement of Profit or Loss and other Comprehensive Income

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		Group		Company	
	Note(s)	2017 N '000	Restated 2016 N '000	2017 N '000	Restated 2016 N '000
Revenue	6	17,695,820	13,569,873	15,921,022	12,189,558
Cost of sales	8	(12,606,017)	(8,907,984)	(11,794,251)	(8,214,891)
Gross profit		5,089,803	4,661,889	4,126,771	3,974,667
Other gains and losses	7	283,565	284,856	260,041	258,648
Administrative expenses	9	(3,313,391)	(3,426,695)	(2,295,970)	(2,388,347)
Distribution costs	10	(726,182)	(632,050)	(686,519)	(616,050)
Operating profit		1,333,795	888,000	1,404,323	1,228,918
Finance income	12	61,152	68,257	61,152	68,257
Finance costs	11	(1,376,814)	(895,059)	(1,175,195)	(774,418)
Profit before taxation		18,133	61,198	290,280	522,757
Taxation	13	(145,823)	(93,230)	(99,740)	(110,371)
(Loss)/profit for the year		(127,690)	(32,032)	190,540	412,386
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset	41	98,498	(186,560)	98,498	(186,560)
Gain on business combination (Restated)		-	111,783	-	111,783
Total items that will not be reclassified to profit or loss		98,498	(74,777)	98,498	(74,777)
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	41	10,622	(167,617)	-	-
Other comprehensive income for the y ear net of taxation		109,120	(242,394)	98,498	(74,777)
Total comprehensive (loss)/income for the year		(18,570)	(274,426)	289,038	337,609
(Loss)\profit attributable to :					
Owners of the parent		(151,960)	(39,272)	190,540	412,386
Non-controlling interest		24,270	7,240	-	-
		(127,690)	(32,032)	190,540	412,386
Total comprehensive (loss) income attributable to:					
Owners of the parent		(42,840)	(281,666)	289,038	337,609
Non-controlling interest		24,270	7,240	-	-
		(18,570)	(274,426)	289,038	337,609
Earnings per share					
(Loss)/Basic earnings per share (kobo)	30	(15.00)	(4.00)	18.00	41.00

The notes on pages 43 to 109 and other national disclosures on pages 110 to 113 form an integral part of the consolidated and separate financial statements

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Consolidated and Separate Statement of Financial Position as at 30 September, 2017

		Group		Company	
	Note(s)	2017 N. '000	Restated 2016 N. '000	2017 N. '000	Restated 2016 N. '000
Assets					
Non-Current Assets					
Property, plant and equipment	15	3,505,892	3,828,622	2,286,109	2,443,814
Intangible assets	16	47,166	50,763	45,003	50,763
Investment property	17	339,131	353,168	339,131	353,168
Investments in subsidiaries	39	-	-	886,609	835,906
Available for-sale financial assets	18	17,768	17,768	17,768	17,768
		3,909,957	4,250,321	3,574,620	3,701,419
Current Assets					
Inventories	19	5,133,285	4,416,013	3,933,630	3,254,293
Trade and other receivables	20	1,501,277	1,815,474	3,125,248	3,614,806
Other assets	21	652,581	555,510	372,353	459,560
Current tax receivable	14	-	7,395	-	-
Cash and cash equivalents	22	516,507	527,621	398,589	422,463
		7,803,650	7,322,013	7,829,820	7,751,122
Non-current assets held for sale	40	1,697,065	1,697,065	1,570,043	1,570,043
Total Assets		13,410,672	13,269,399	12,974,483	13,022,584
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share Capital	28	521,035	521,035	521,035	521,035
Share premium	28	3	3	3	3
Reserves		428,291	417,669	450,370	450,370
Retained earnings		2,387,180	2,565,726	3,491,798	3,327,844
		3,336,509	3,504,433	4,463,206	4,299,252
Non-controlling interest		37,089	(71,945)	-	-
		3,373,598	3,432,488	4,463,206	4,299,252
Liabilities					
Non-Current Liabilities					
Borrowings	23	766,448	1,096,162	147,839	165,354
Deferred tax	25	392,504	400,490	457,647	423,216
Retirement benefit obligation	26	283,777	364,818	283,777	364,818
		1,442,729	1,861,470	889,263	953,388
Current Liabilities					
Current tax payable	14	329,584	279,218	256,692	273,889
Trade and other payables	27	3,112,373	2,051,725	2,550,743	1,936,224
Borrowings	23	5,145,273	5,626,624	4,807,464	5,541,957
Deferred income	24	7,115	17,874	7,115	17,874
		8,594,345	7,975,441	7,622,014	7,769,944
Total Liabilities		10,037,074	9,836,911	8,511,277	8,723,332
Total Equity and Liabilities		13,410,672	13,269,399	12,974,483	13,022,584

The consolidated and separate financial statements were approved by the board on 19th December, 2017 and were signed on its behalf by:

Group Managing Director/CEO
Mr. Taiwo A. Adeniyi
FRC/2015/IODN/00000010639

Director
Dr. Bamidele O. Makanjuola
FRC/2013/NSE/00000005306

Chief Financial Officer
Mr. Joseph Alegbesogie
FRC/2013/ICAN/00000003728

The notes on pages 43 to 109 and other national disclosures on pages 110 to 113 form an integral part of the consolidated and separate financial statements

Consolidated and Separate Statement of Changes in Equity

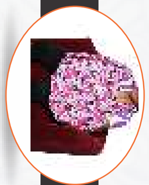
	Share capital N '000	Share premium N '000	Foreign currency translation reserve N '000	Other reserves (Restated) N '000	Fair value adjustment assets-available-for-sale reserve N '000	Retained earnings N '000	Total attributable to equity holders of the group / company N '000	Non-controlling interest N '000	Total equity N '000
Group									
Balance at 1 October, 2015	491,400	3	229,316	-	(37,048)	3,092,017	3,775,688	(462,297)	3,313,391
Loss for the year	-	-	-	-	-	(39,272)	(39,272)	7,240	(32,032)
Other comprehensive income (Note 41)	-	-	(167,617)	111,783	-	(186,560)	(242,394)	-	(242,394)
Total comprehensive Loss for the year	-	-	(167,617)	111,783	-	(225,832)	(281,666)	7,240	(274,426)
Issue of shares	29,785	-	-	-	-	-	29,785	-	29,785
Repurchase of shares	(150)	-	-	-	-	-	(150)	-	(150)
Changes in value of non-controlling interest	-	-	-	-	-	-	-	405,420	405,420
Dividends	-	-	-	-	-	(299,700)	(299,700)	(22,308)	(322,008)
Share premium adjustment	-	-	-	-	-	(759)	(759)	-	(759)
Business combinations	-	-	-	281,235	-	-	281,235	-	281,235
Balance as at 1 October, 2016	521,035	3	61,699	393,018	(37,048)	2,565,726	3,504,433	(71,945)	3,432,488
Loss for the year	-	-	-	-	-	(151,960)	(151,960)	24,270	(127,690)
Other comprehensive income (Note 41)	-	-	10,622	-	-	98,498	109,120	-	109,120
Total comprehensive Loss for the year	-	-	10,622	-	-	(53,462)	(42,840)	24,270	(18,570)
Change in non controlling interest as a result of inclusion of additional subsidiary-Vitaparts Limited	-	-	-	-	-	-	-	102,100	102,100
Dividends						(125,084)	(125,084)	(17,336)	(142,420)
Balance at 30 September, 2017	521,035	3	72,321	393,018	(37,048)	2,387,180	3,336,509	37,089	3,373,598

Separate Statement of Changes in Equity

	Share capital N '000	Share premium N '000	Other reserves (Restated) N '000	Available-for-sale reserve N '000	Retained earnings N '000	Total equity N '000
Company						
Balance as at October 1, 2015	491,400	3	-	(37,048)	3,348,477	3,802,832
Profit for the year	-	-	-	-	412,386	412,386
Other comprehensive income (Note 41)	-	-	111,783	-	(186,560)	(74,777)
Total comprehensive income for the year	-	-	111,783	-	225,826	337,609
Issue of shares to Vono Products Plc existing shareholders	29,785	-	-	-	-	29,785
Repurchase of shares	(150)	-	-	-	-	(150)
Dividends	-	-	-	-	(245,700)	(245,700)
Share premium adjustment	-	-	-	-	(759)	(759)
Business combinations	-	-	375,635	-	-	375,635
Balance as at 1 October, 2016	521,035	3	487,418	(37,048)	3,327,844	4,299,252
Profit for the year	-	-	-	-	190,540	190,540
Other comprehensive income (Note 41)	-	-	-	-	98,498	98,498
Total comprehensive income for the year	-	-	-	-	289,038	289,038
Dividends	-	-	-	-	(125,084)	(125,084)
Balance at 30 September, 2017	521,035	3	487,418	(37,048)	3,491,798	4,463,206

The accounting policies on pages 46 to 63 and the notes on pages 64 to 109 form an integral part of the consolidated and separate financial statements

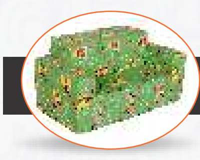
*Share premium adjustment relates to share premium in relation to share buy back from Chief Omidiora.



Consolidated and Separate Statement of Cash Flows

		Group		Company	
	Note(s)	2017 N'000	2016 N '000	2017 N '000	2016 N '000
Cash flows from operating activities					
Cash generated from operations	32	2,498,813	(624,480)	2,215,188	(534,376)
Tax paid	14	(138,262)	(206,195)	(124,720)	(185,730)
Net cash (used in)/provided by operating activities		2,360,551	(830,675)	2,090,468	(720,106)
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(114,232)	(290,650)	(68,607)	(76,964)
Proceeds from sale of property, plant and equipment		7,745	12,242	6,586	11,689
Purchase of investment in subsidiary		-	-	(50,703)	(349,389)
Purchase of other intangible assets	16	(13,367)	(19,672)	(10,483)	(19,672)
Proceeds from sale of other intangible assets	16	-	2,394	-	-
Finance income		61,152	68,257	61,152	68,257
Net cash used in investing activities		(58,702)	(227,429)	(62,055)	(366,079)
Cash flows from financing activities					
Proceeds from borrowings	23	9,918,334	7,329,927	9,918,334	7,010,703
Repayment of borrowings	23	(10,907,373)	(5,365,024)	(10,543,358)	(5,082,084)
Dividends paid	31	(125,084)	(299,700)	(125,084)	(245,700)
Finance costs		(1,376,814)	(895,059)	(1,175,195)	(774,418)
Net cash produced by (used in) financing activities		(2,490,937)	770,144	(1,925,303)	908,501
Total movement for cash & cash equivalent for the year		(189,088)	(287,960)	103,110	(177,684)
Cash and cash equivalent at the beginning of the year		(1,370,749)	(1,082,789)	(1,466,240)	(1,288,556)
Cash and cash equivalent at the end of the year	22	(1,559,837)	(1,370,749)	(1,363,130)	(1,466,240)

The accounting policies on pages 46 to 63 and the notes on pages 64 to 109 form an integral part of the consolidated and separate financial statements .



22 Significant Accounting Policies

1.1 General information

The consolidated financial statements incorporate the financial statements of Vitafoam Nigeria Plc. and its subsidiaries, collectively called "the Group" made up to 30 September each year. The ultimate controlling party of the Group is the parent , Vitafoam Nigeria Plc.

Stand alone financial statements for Vitafoam Nigeria Plc (the Company) have also been presented. The same accounting policies are used by both the Group and Company.

The financial statements were authorised for issue by the Board of Directors on 19 December, 2017

1.2 Basis of measurement and preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective for the year ended 30 September 2017.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that these financial statements present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the note .

The financial statements have been prepared under the going concern assumption and historical cost convention as modified by the valuation of available-for-sale financial assets. The financial statements are presented in Nigeria Naira and all values are rounded to the nearest thousand Naira (NGN'000), except where otherwise indicated.

1.3 Summary of significant accounting policies

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

Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent Company's reporting date.

Subsidiaries

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

The Company's subsidiaries' are listed below:

Vitafoam Ghana Limited

VITA SPRING FLEX

SPRING SUPER

VITA SPRING FIRM

Vitafoam Sierra Leone Limited

Vitapur Nigeria Limited

Vitablom Nigeria Limited

Vitavisco Nigeria Limited

Vono Furnitures Products Limited

Vitagreen Nigeria Limited

Vitaparts Nigeria Limited

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Inter-Company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits or losses resulting from inter-Company transactions that are recognised in assets are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any

consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

Disposal of subsidiaries

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

1.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Naira', which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses'.

Foreign operations

Assets and liabilities for each period presented are translated at the closing rate at the date of that period. Income and expenses for each statement of profit or loss are translated at average exchange rates. Where Group companies have a functional currency different from the Group's presentation currency, the exchange differences arising on translation of these operations are recognized in other comprehensive income, otherwise, in the profit or loss.

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

a) assets and liabilities for each period presented are translated at the closing rate as at the end of that period;
b) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) all resulting exchange differences are recognised in other comprehensive income and accumulated in a currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

1.5 Common control business combinations

Business combinations involving entities ultimately controlled by the Vitafoam group are accounted for using the pooling of interest method (also known as merger accounting).

A business combination is a "common control combination" if:

i. The combining entities are ultimately controlled by the same party both before and after the combination and

ii. Common control is not transitory .

Under a pooling of interest- type method, the acquirer is expected to account for the combination as follows:

i. The assets and the liabilities of the acquiree are recorded at book value and not at fair value

ii. Intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable IFRS (in particular IAS 38: Intangible Assets).

iii. No goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is presented separately within OCI on consolidation.

iv. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.

v. Any expenses of the combination are written off immediately in the statement of profit or loss.

vi. Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented; and

vii. Adjustments are made to achieve uniform accounting policies.

1.6 Trade receivables

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

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

1.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods supplied in the normal course of business, stated net of trade discounts, change to returns, volume rebates, and value added tax.

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

The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1.8 Cash and cash equivalents

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

1.9 Trade payables

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

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using standard costing model. 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). It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

Allowance is made for defective and slow moving items as appropriate. If carrying value exceeds net realizable amount, a write down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

1.11 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

1.12 Property, plant and equipment

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

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced.

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the profit or loss.

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

Asset category	Useful lives (years)
Buildings	33
Plant and machinery	5
Motor vehicles	4
Furniture and fixtures	5

Land is not depreciated. In case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as expense in profit or loss.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.13 Impairment of assets

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

a. Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset 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 that can be reliably estimated.

The criteria that the Group 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;

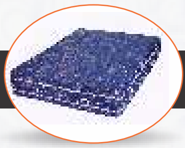
• it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

• 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:

1. Adverse changes in the payment status of borrowers in the portfolio; and

2. National or local economic conditions that correlate with defaults on the assets in the portfolio.



The Group first assesses whether objective evidence of impairment exists.

For loans and receivables, 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 statement of profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

b. Assets carried as available for sale

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below cost is also evidence that the asset is impaired.

If 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 recognized in profit or loss-is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated profit or loss.

1.14 Financial instruments

Classification

The Company classifies its financial assets in the following categories:

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.

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

1.14.1 Financial assets

The Group's financial assets are classified into available for sale (AFS) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Management determines the classification of financial assets at initial recognition.

I Available-for-sale financial assets (AFS financial assets)

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of

the other categories. The Group's available-for sale assets comprise investments in equity securities . Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from remeasurement are recognized in other comprehensive income .

When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of comprehensive income and are included in "other gains and losses (net)".

Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months. Dividends on available-for-sale equity instruments are recognized in the statement of income as dividend income when the Company's right to receive payment is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reasonably estimated are carried at cost.

ii Loans and receivables

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

1.14.2 Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost. There are no financial liabilities at fair value through profit or loss (FVTPL). Financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, inclusive of directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at amortised cost

These include trade payables and bank borrowings. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank borrowings are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. Interest bearing financial liabilities are classified as loans on the statement of financial position.

Offsetting financial Instruments

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

Derecognition

All financial instruments are initially measured at fair value. Financial assets and liabilities are derecognised when the rights to receive cash flows from the investments or settle obligations have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

1.15 Taxation

Current Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as at each reporting period end in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income tax

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.16 Employee benefits

Pension obligations

The Company operates a pension scheme which is generally funded through payments to insurance companies or trustee administered funds, determined by periodic actuarial calculations. The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The Group has both defined benefit and defined contributory schemes.

a) Defined Contributory scheme

In Nigeria, the Group, in line with the provisions of the Pension Reform Act 2014, operates a defined contribution pension scheme under which the Group contributes 10% and its employees each contribute 8% of the employees' monthly basic salary, housing and transport allowances to the fund.

The Group also operates defined contribution schemes in accordance with the relevant local laws. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

The staff contributions to the scheme are funded through payroll deductions while the Group's contributions are accrued and charged fully to the profit or loss account. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.16 Employee benefits (continued)

b) Defined benefits scheme

A defined benefit plan is a retirement benefit plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans 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 actuarial gains or losses and 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 outflows using interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses are recognized in full in the period in which they occurred, in other comprehensive income and cumulated in other reserves without recycling to profit or loss in subsequent periods.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income.

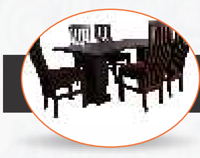
Other long term benefits

Other long term benefits - Long Service awards are paid to qualifying staff when earned. The Group's liability to staff is measured annually by independent actuaries using the projected credit unit method.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.



1.17 Share capital

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

1.18 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.

Unclaimed dividends which remain unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with section 385 of the Companies and Allied Matters Acts of Nigeria are written back to retained earnings.

1.19 Leases

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

The Group leases certain land and buildings. Leases of land and buildings where the Group has substantially all the risks and rewards of ownership are classified as finance leases otherwise, they are operating leases.

1.19 Leases (continued)

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. For finance leases, each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables.

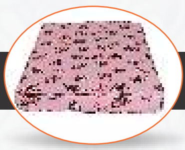
The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant & equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

1.20 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 Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are deferred and credited to the profit or loss on a straight- line basis over the expected useful lives of the related assets.

1.21 Segment reporting

An operating segment is a component of an entity
a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and



expenses relating to transactions with other components of the same entity);

b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

c) for which discrete financial information is available. 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 Managing director of Vitafoam Nigeria Plc.

1.22 Borrowings

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

1.23 Investment property

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

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

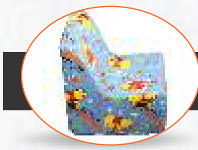
This is usually when all risks are transferred. Rental income represents income received from letting of properties. Income is recognised on an accrual basis and credited to the profit or loss.

1.24 Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

• it is technically feasible to complete the software product so that it will be available for use;

• 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 to use or sell the software product are available; and

• the expenditure attributable to the software product during its development can be reliably measured

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

1.25 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.26 Critical accounting estimates and judgements

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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:

Business combination

The Group applies Pooling of Interest method in accounting for business combination among entities under common control as such transactions are not covered under IFRS 3: Business Combination. The excess of the consideration over the Company's share of the acquiree's assets and liabilities is recognised as a reserve in equity.

Assessment of control and significant influence

In determining whether an entity represents a subsidiary or associate of the Vitafoam Group, the management are required to consider the degree to which the company exercises control or significant influence respectively over the investee. Decisions relating to the determination of control over the subsidiaries, and significant influence over potential associate companies involves an element of judgment, which may have a significant impact on the constitution of the group amounts.

Pension obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for these benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

The Group's actuary determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations.

In determining the appropriate discount rate, the actuaries considers the interest rates of high-quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related employee benefit obligation. Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in note 26.

Income taxes

Taxes are paid by Companies under a number of different regulations and laws, which are subject to varying interpretations.

In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations.

Accordingly, management's interpretation of the applicable tax law and regulations as applied to the transactions and activities of the Companies within the Group may be challenged by the relevant taxation authorities. The Group's management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in these financial statements will be sustained.

Impairment of available-for-sale equity investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Useful lives and residual values

Useful lives and residual values are reviewed annually in line with IAS 16 requirements. In performing this review, management considers the present conditions of the assets and the scrap values realizable on these assets at the time of disposal. No revisions were made to useful lives and residual values in current period as management deems these estimates appropriate.

Critical judgements in applying the entity's accounting policy

Key judgements applied to the Group's accounting policies during the periods included in these financial statements.

Impairment of non-financial assets

IAS 36 requires an assessment of indicators of impairment at least at each period end. Where no indicators exist as at review date, the standard precludes the need for any further impairment testing's. The Directors reviewed all indicators as at each period and conclude that no non-financial assets (e.g. property plant and equipment) were impaired.

Consolidation of Vitaparts Nigeria Limited

In line with IFRS 10, Vitaparts Nigeria Limited, a new subsidiary of Vitafoam Nigeria Plc, has been consolidated during the reporting period.

Investment in subsidiary - Vitapur Nigeria Limited

Even though Vitafoam holds only 40% of equity shares in Vitapur Nigeria Limited, the Directors believe that Vitafoam has "more than" significant influence and controls the financial and operating policies of Vitapur Nigeria Limited. This key judgement forms the basis for the consolidation of the Vitapur's financial statements.

Functional currency of Vitafoam Sierra Leone

IAS 21 requires that the functional currency of an entity should reflect the underlying transactions, events and conditions that are relevant to the entity. Prior to June 2014, the functional currency of Vitafoam Sierra Leone was the Nigerian Naira.

From July 2014, there was a change in the underlying events and conditions that was relevant to the subsidiary. Following this event, the functional currency changed to the Sierra Leonean 'Leone'. The effect of this change has been reflected prospectively from the date of change in these financial statements in line with IAS 21.

Impairment of financial assets

The Group reviews its impairment of financial assets for possible impairment if there are events or changes in circumstances that indicate that the carrying values of the assets may not be recoverable, or at least at the reporting date, when there is an indication that the asset might be impaired.

1.1 Impairment test on investment in Vitafoam Sierra leone Limited

During the year the Directors carried out impairment test on investment in Vitafoam Sierra leone. This involves significant judgements and assumptions used for the estimation of projected cash flow and growth rates in determining the recovery value of the assets. The following were the judgements and assumptions made by the Directors.

- Expected 2% growth rates given current sales of above 40%
- Sierra leone gross domestic product (GDP) to grow at average of 5% from 2018 and 10.4% in 2020
- Depreciation is expected to be steady in line with capital expenditure

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: annual improvements project

The amendment clarifies that non-current assets held for distribution to owners should be treated consistently with non-current assets held for sale. It further specifies that if a non-current asset held for sale is reclassified as a non-current asset held for distribution to owners or visa versa, that the change is considered a continuation of the original plan of disposal.

The effective date of the group is for years beginning on or after 1 January, 2017.

The group has adopted the amendment for the first time in the 2017 consolidated and separate financial statements.

The impact of the amendment is not material.

Amendment to IFRS 7: Financial Instruments: Disclosures: annual improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the Group is for years beginning on or after 1 January, 2016.

The Group has adopted the amendment for the first time in the 2017 consolidated and separate financial statements.

The impact of the amendment is not material.

Amendment to IAS 19: Employee Benefits: annual improvements project

The amendment clarifies that when a discount rate is determined for currencies where there is no deep market in high quality corporate bonds, then market yields on government bonds in that currency should be used.

The effective date of the Group is for years beginning on or after 1 January, 2016.

The Group has adopted the amendment for the first time in the 2017 consolidated and separate financial statements.

The impact of the amendment is not material.

Disclosure Initiative: Amendment to IAS 1: Presentation of financial statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its consolidated and separate financial statements. It also provides amended guidance concerning the order of presentation of the notes in the consolidated and separate financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the Group is for years beginning on or after 1 January, 2016.
The Group has adopted the amendment for the first time in the 2017 consolidated and separate financial statements.
The impact of the amendment is not material.

Amendment to IAS 34: Interim Financial Reporting: annual improvements project

The amendment allows an entity to present disclosures required by paragraph 16A either in the interim consolidated and separate financial statements or by cross reference to another report, for example, a risk report, provided that other report is available to users of the consolidated and separate financial statements on the same terms as the interim consolidated and separate financial statements and at the same time.

The effective date of the Group is for years beginning on or after 1 January, 2016.

The Group has adopted the amendment for the first time in the 2017 consolidated and separate financial statements.

The impact of the amendment is not material.

Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after 1 January, 2016.

The Group has adopted the amendment for the first time in the 2017 consolidated and separate financial statements.

The impact of the amendment is not material.

Amendment to IAS 27: Equity Method in Separate Financial Statements

The amendment adds the equity method to the methods of accounting for investments in subsidiaries, associates and joint ventures in the separate consolidated and separate financial statements of an entity.

The effective date of the amendment is for years beginning on or after 1 January, 2016.

The Group has adopted the amendment for the first time in the 2017 consolidated and separate financial statements.

The impact of the amendment is not material.

IFRS 14 Regulatory deferral accounts

The new standard is an interim standard applicable to entities subject to rate regulation. The standard is only applicable to entities adopting IFRS for the first time. It permits entities to recognise regulatory deferral account balances in the statement of financial position. When the account has a debit balance, it is recognised after total assets. Similarly, when it has a credit balance, it is recognised after total liabilities.

Movements in these accounts, either in profit or loss or other comprehensive income are allowed only as single line items.

The effective date of the standard is for years beginning on or after 1 January, 2016.

The Group has adopted the standard for the first time in the 2017 consolidated and separate financial statements.

The impact of the standard is not material.

Amendments to IFRS 10, 12 and IAS 28: Investment entities, applying the consolidation exemption

The amendment clarifies the consolidation exemption for investment entities. It further specifies that an investment entity which measures all of its subsidiaries at fair value is required to comply with the "investment entity" disclosures provided in IFRS 12.

The amendment also specifies that if an entity is itself not an investment entity and it has an investment in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement applied by such associate or joint venture to any of their subsidiaries.

The effective date of the Group is for years beginning on or after 1 January, 2016.

The Group has adopted the amendment for the first time in the 2017 consolidated and separate financial statements.

The impact of the amendment is not material.

Amendments to IAS 16 and IAS 41: Agriculture: bearer plants

The amendment defines bearer plants and include bearer plants within the scope of IAS 16 Property, Plant and Equipment. A bearer plant is defined as a living plant used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce. Bearer plants were previously within the scope of IAS 41 Agriculture.

The effective date of the amendment is for years beginning on or after 1 January, 2016.

The Group has early adopted the amendments in 2015 financial year.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and aremandatory for the Group's accounting periods beginning on or after 1 October, 2017 or later periods:

IFRS 9 Financial instruments
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets.

IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial nassets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January, 2018.

The Group expects to adopt the standard for the first time in the 2018 consolidated and separate financial statements. The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated and separate financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- dentify 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.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January , 2018.

The Group expects to adopt the standard for the first time in the 2019 consolidated and separate financial statements. It is unlikely that the standard will have a material impact on the Group's consolidated and separate financial statements.

IFRS 16 Leases

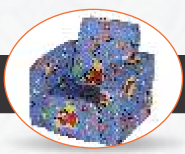
IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

(b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor



continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
The effective date of the standard is for years beginning on or after January 1, 2019.

The Group expects to adopt the amendment for the first time in the 2020 annual financial statements. It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

3. Financial Risk management

Overview of the Group's Risk Management

The Group's business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk. Risk management is the responsibility of the finance director who aims to effectively manage the financial risk of Vitafoam Nigeria Plc., according to the policies approved by the Board of Directors. The finance director identifies and monitors financial risk.

Market risk

1. Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group's functional currency (The Naira).The Group is exposed to foreign exchange risks from some of its commercial transactions and current assets.
The Group buys and imports some of the raw materials used for production, the payments for which are made in US Dollars.

Receipts for sales of finished goods in Nigeria are in Naira whilst receipts for sales of finished goods to countries such as Sierra Leone and Ghana are in US Dollars. The Group makes payments and collects receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in the US dollar.

Management's approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions. Currency exposure arising from assets and liabilities denominated in foreign currencies is also managed primarily by setting limits on the percentage of net assets that may be invested in such deposits.

Sensitivity to foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The foreign currency denominated balance that the group is exposed to fluctuations is cash and cash equivalents. The group is primarily exposed to the US Dollar.

A 10% increase/decrease in foreign exchange rate at the reporting dates would have increased/decreased profit or loss and total equity by the following amounts. This analysis is based on foreign currency exchange rate variances that the group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant:

As at 30 September	Group		Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
US Dollars 10% increase	(25,996)	(248,708)	(25,996)	(248,708)
US Dollars 10% decrease	25,996	248,708	25,996	248,708

Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates.

The group's exposure to interest rate risk relates primarily to long term borrowings which were issued at floating interest rates.

The Group can also be exposed to cash flow interest rate risk on short term deposits and short term bank borrowings to the extent that the significant reductions in market interest rates would result in a decrease in the interest earned or paid by the Group.

The Group's borrowings are denominated in Nigerian naira and to manage this risk, the Group's policy is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans and for deposits.

Sensitivity analysis for interest rate risk

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates at the reporting date. The variable interest balances that the group is exposed relate to bank borrowings.

The sensitivity of the Group's earnings to fluctuations in interest rates is reflected by increasing or decreasing interest rates by 10% as shown below:

As at 30 September	Group		Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
10% increase in interest rate	137,315	169,660	73,136	69,079
10% decrease in interest rate	(137,315)	(169,660)	(73,136)	(69,079)

Price risk

The group's equity instruments are classified as Available for sale and are investments in Nigerian entities. Management monitors the movement in prices of these instruments on monthly basis by comparing price movements on same or similar equities on the stock exchange.

Sensitivity analysis for Price risk

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market. The group's exposure to equity price risk is not material as the group holds a small portfolio of equity instruments. An increase or decrease of 100 basis points on the Nigeria Stock exchange (NSE) equity prices.

Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. It arises principally from trading activities with customers. The group has dedicated policies and procedures to control and monitor all such risks. The group limits its exposure to any one party by creating security accounts for all of its Vita shop distributors and all its key distributors such that a one percent of the revenue from these distributors are credited to this security account in form of a collateral in the event of a default.

The Group also sets credit limits and monitors customer activities to ensures that these limits are adhered to. Individual customer limits are set taking into consideration past experiences, trading performances and other factors. Where counterparties are unable to meet obligations under existing terms, the Group identifies such customers and restructures facilities to encourage performance and reduce losses.

The Group's credit portfolio is materially concentrated in South west Nigeria. The Group's maximum exposure to credit risk as at the reporting date is the carrying value of the financial assets in the statement of financial position. The carrying value of these financial assets approximates the fair value. The tables below analyse financial assets into the relevant past due groupings as at each reporting date.

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Financial assets exposed to credit risk at year end were as follows:

Group

30 September 2017

Financial assets	Neither past due nor impaired N'000	90-120days N'000	Above 120 days N'000	Total N'000
Cash and bank balances	516,507	-	-	516,507
Trade receivables (gross)	1,281,248	-	398,495	1,679,743
Staff advances	18,448	-	-	18,448
Other receivables	201,581	-	-	201,581
	2,017,784	-	**398,495**	**2,416,279**

30 September 2016

Financial assets	Neither Past due nor impaired N'000	90-120 days N'000	Above 120days N'000	Total N'000
Cash and bank balances	527,621	-	-	527,621
Trade receivables (gross)	1,566,257	-	241,523	1,807,780
Staff advances	19,206	-	-	19,206
Other receivables	230,011	-	-	230,011
	2,343,095	**-**	**241,523**	**2,584,618**

Company

30 September 2017

Financial assets	Neither past due nor impaired N'000	90-120days N'000	Above 120 days N'000	Total N'000
Cash and bank balances	398,589	-	-	398,589
Trade receivables (gross)	828,470	88,957	175,046	1,092,473
Receivables from related party companies	2,174,982	-	-	2,174,982
Staff advances	10,107	-	-	10,107
Other receivables	111,689	-	-	111,689
	3,523,837	**88,957**	**175,046**	**3,787,840**

30 September 2016

Financial assets	Neither past due nor impaired N'000	90-120days N'000	Above 120 days N'000	Total N'000
Cash and bank balances	422,463	-	-	422,463
Trade receivables (gross)	1,192,739	-	173,336	1,366,075
Receivables from related party companies	2,278,585	-	-	2,278,585
Staff advances	12,851	-	-	12,851
Other receivables	130,631	-	-	130,631
	4,037,269	**-**	**173,336**	**4,210,605**

Prepayments are not financial assets and thus not included as part of credit risk assessment for financial assets.

All receivables that are neither past due nor impaired are within approved credit limits, management does not expect any losses from non-performance by these parties. Receivables aged between 90- 120 days are past due but not impaired and relate to a number of customers for which there is no history of default.

An allowance for impairment is generally recorded for trade receivable balances based on the circumstances of such receivables. Other factors considered in making the impairment allowance include evidence of financial difficulty of the debtor.

The Group's policy on credit is such that the security account kept for distributors is used in the event of a default i.e. the group is able to recover its monies from these accounts. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The amounts held in the security accounts as at each year end are as follows:

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Collateral (Dealer's security account balances)	33,458	92,696	30,744	92,002

No other collateral is held on these balances.

An analysis of impaired receivables (above 120days) and the related allowance for impairment loss is as follows:

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Carrying amount before provision(Gross)	398,495	241,717	175,046	173,530
Provisions for impairment loss	(398,495)	(241,717)	(175,046)	(173,530)
Net carrying amount	-	-	-	-

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long term and short term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow forecasting is performed by the finance department. Cash flow projections take into consideration the Group's debt financing plans and covenant compliance.

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The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date.

Group

30 September 2017

Financial liabilities	**Within 1 Year N'000**	**Between 2 years and above N'000**	**Total N'000**
Trade and other payables	3,112,373	-	3,112,373
Borrowings - Term loans	606,704	766,448	1,373,152
Borrowings (Bank overdrafts & commercial papers)	4,538,569	-	4,538,569
	8,257,646	**766,448**	**9,024,094**

30 September 2016

Financial liabilities	**Within 1 Year N'000**	**Between 2 years and above N'000**	**Total N'000**
Trade and other payables	2,051,725	-	2,051,725
Borrowings - Term loans	600,439	1,096,162	1,696,601
Borrowings (Bank overdrafts & commercial papers)	5,026,185	-	5,026,185
	7,678,349	**1,096,162**	**8,774,511**

Company

30 September 2017

Financial liabilities	**Within 1 Year N'000**	**Between 2 years and above N'000**	**Total N'000**
Trade and other payables	2,550,520	-	2,550,743
Borrowings - Term loans	583,492	147,839	731,359
Borrowings (Bank overdrafts & commercial papers)	4,223,944	-	4,223,944
	7,358,207	**147,839**	**7,506,046**

30 September 2016

Financial liabilities	**Within 1 Year N'000**	**Between 2 years and above N'000**	**Total N'000**
Trade and other payables	1,936,224	-	1,936,224
Borrowings - Term loans	525,439	165,354	690,793
Borrowings (Bank overdrafts & commercial papers)	5,016,518	-	5,016,518
	7,478,181	**165,354**	**7,643,535**

The amounts disclosed in the tables above are the contractual undiscounted cash flows of the liabilities.

The Group's exposure to liquidity risk is minimal as at 30 September 2017.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. The Group's net debt/total capital ratio is summarised as follows:

		2017 N'000	2016 N'000	2017 N'000	2016 N'000
Total borrowings					
Borrowings	23	5,911,721	6,722,786	4,955,303	5,707,312
Less: Cash and bank balances	22	(516,507)	(527,621)	(398,589)	(422,463)
Net debt		5,395,214	6,195,165	4,556,714	5,284,849
Total equity		3,373,598	3,432,488	4,463,206	4,299,252
Total capital		**8,768,812**	**9,627,653**	**9,019,920**	**9,584,101**
Gearing ratio		62 %	64 %	51 %	55 %

4. Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction(not a forced sale) between market participants (market-based view) at the measurement date (current price) The table below analyses financial instruments carried at fair value, by valuation method. The different levels that are required to be disclosed are defined as follows.

• Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

•Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

• Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

• The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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The determination of what constitutes 'observable' requires significant judgement by the group. The group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. There are no liabilities at fair value.

The following table presents assets that are measured at fair value at 30 September 2017 for both group and company:

Assets	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Available-for-sale financial assets				
Equity Securities	7,768	10,000	-	17,768

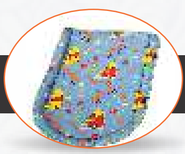
The following table presents assets that are measured at fair value at 30 September2016 for both group and company:

Assets	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Available-for-sale financial assets				
Equity Securities	7,768	10,000	-	17,768

The fair value of financial instruments traded in active markets is based on quoted market prices as at each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market prices used for financial assets held by the Group is the current bid price. These instruments are included in level 1. There are no level 3 financial instruments. Financial instruments that are not traded in an active market are carried at cost (unquoted equity).

Quoted market prices were used to value financial at fair value. No level 3 financial instruments are held by the Group.



Vitafoam

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5. Financial instruments by category

The Group's financial instruments are categorised as follows:

30 September 2017	Category	Group N'000	Company N'000
Financial assets			
Trade receivables	Loans and receivables	1,281,248	828,470
Other receivables (including staff debtors and related parties receivables)	Loans and receivables	220,029	2,296,778
Cash and bank balances	Loans and receivables	516,507	398,589
Available-for-sale equity instruments	Available for Sale	17,768	17,768
		2,035,552	**3,541,605**
Financial liabilities	Category		
Borrowings (current)	Other liabilities	5,145,273	4,708,436
Trade and other payables	Other liabilities	3,112,373	2,550,743
Borrowings (non-current)	Other liabilities	766,448	246,868
		9,024,094	**7,506,046**

The Group's financial instruments are categorised as follows:

30 September 2016	Category	Group N'000	Company N'000
Financial assets			
Trade receivables	Loans and receivables	1,566,257	1,192,739
Other receivables (including staff debtors and related parties receivables)	Loans and receivables	249,217	2,422,067
Cash and cash equivalents	Loans and receivables	527,621	422,463
Available-for-sale equity instruments	Available for Sale	17,768	17,768
		2,360,863	**4,055,037**
Financial liabilities	Category		
Borrowings (current)	Other liabilities	5,626,624	5,541,957
Trade and other payables	Other liabilities	2,051,725	1,936,224
Borrowings (non-current)	Other liabilities	1,096,162	165,354
		8,774,511	**7,643,535**

The Group's financial instruments are categorised as follows:

Trade receivables are stated net of impairments. Other receivables balance excludes prepayments. Trade and other payables excludes deferred income and provisions.

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
6. Revenue				
Analysis by Geographical area				
Within Nigeria	16,873,789	13,221,808	15,921,022	12,189,558
Outside Nigeria	822,031	346,910	-	-
Rendering of services	-	1,155	-	-
	17,695,820	**13,569,873**	**15,921,022**	**12,189,558**
7. Other gains and losses				
Sale of scrap items	162,947	214,291	127,169	189,265
Rental income	41,963	24,927	41,963	24,927
Investment income	5,953	40,212	18,617	40,212
Profit on disposal of assets	-	111	-	-
Provision no longer required	14,026	14,833	13,616	14,833
Other income	-	1,071	-	-
Actuarial gain or /(loss) on long service award	58,676	(10,589)	58,676	(10,589)
	283,565	**284,856**	**260,041**	**258,648**
8. Cost of sales				
Sale of goods				
Raw materials and consumables	12,223,081	8,581,346	11,567,817	7,965,764
Labour cost	167,234	161,923	134,240	125,364
Depreciation	215,702	164,715	92,194	123,763
	12,606,017	**8,907,984**	**11,794,251**	**8,214,891**

	Group		Company	
	2017 N '000	**2016 N '000**	**2017 N '000**	**2016 N'000**
9. Administrative Expenses				
The following items are included within administrative expenses:				
Administration and management fees	32,582	9,480	28,963	9,936
Advertising	134,666	205,053	118,994	182,921
Audit fees	29,762	31,300	20,000	18,150
Bad debts and other debtors allowance	116,142	149,759	49,837	74,896
Bank charges	64,494	32,879	48,475	20,140
Cleaning	19,985	22,331	13,278	12,147
Consulting and professional fees	71,371	98,737	43,859	71,509
Depreciation, amortisation and impairments	216,351	184,304	154,232	151,399
Donations	6,360	7,971	5,105	5,103
Employee costs	1,456,016	1,363,553	1,118,683	1,062,261
Entertainment	19,619	13,759	15,056	8,599
Other admin and general expenses	69,036	51,788	7,065	23,946
Gratuity Expenses	104,023	76,131	104,023	76,131
IT expenses	-	137	-	-
Insurance	43,682	42,227	31,854	33,384
Rent and rates	81,606	158,776	30,978	43,506
Fines, levies and penalties	21,766	51,548	17,325	40,942
Stationery, newspapers and periodicals	20,701	26,917	15,990	22,564
Loss on exchange difference	232,907	346,617	21,964	114,848
Postage, telecommunication and internet	48,035	69,417	36,294	61,863
Protective clothing	2,709	2,960	2,121	1,851
Repairs and maintenance	131,864	142,226	101,391	108,382
Research and development costs*	13,515	5,286	6,202	889
Security	47,431	34,733	33,808	21,539
Subscriptions	16,390	6,988	15,315	6,988
Loss on disposal of assets	3,579	11,608	3,579	11,608
Transport and travelling	96,488	131,832	69,184	97,835
Electricity and other utilities	212,311	148,378	182,395	105,010
	3,313,391	**3,426,695**	**2,295,970**	**2,388,347**

* Research and development costs relate to project vitality that lead to cost reduction and product quality improvement.

10. Distribution Expenses

	Group		Company	
	2017 N '000	**2016 N '000**	**2017 N '000**	**2016 N '000**
The following items are included within distribution expenses:				
Distribution cost	726,182	632,050	686,519	616,050

11. Finance costs	Group 2017 N '000	Group 2016 N '000	Company 2017 N '000	Company 2016 N '000
Interest on loan and overdraft	1,164,037	774,404	985,892	653,763
Interest on loan capitalised	-	32,097	-	32,097
Other finance cost	96,901	-	73,427	-
Other interest paid	115,876	88,558	115,876	88,558
	1,376,814	**895,059**	**1,175,195**	**774,418**

	Group 2017 N '000	Group 2016 N '000	Company 2017 N '000	Company 2016 N '000
12. Finance income				
Interest revenue				
Interest on planned assets	61,152	68,257	61,152	68,257
13. Taxation				
Income tax expense				
Income tax	176,141	56,423	95,684	62,991
Education tax	19,882	14,539	11,839	10,122
	196,023	70,962	107,523	73,113
Deferred tax (write back)/provision	(50,200)	22,268	(7,783)	37,258
Tax expense	**145,823**	**93,230**	**99,740**	**110,371**

The current tax charge has been computed at the applicable rate of 30% (30 September 2016: 30%) plus education levy of 2% (30 September 2016: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not
deductible or chargeable for tax purposes.

Non-deductible expenses include items such as donations and subscriptions, legal expenses, depreciation, amortisation and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income include income such as unrealised exchange difference and profit on disposal of fixed asset which are not taxable.

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	Group		Company	
	2017 N '000	**2016 N '000**	**2017 N '000**	**2016 N '000**
Accounting profit	18,133	61,198	290,280	522,757
Tax at the applicable tax rate of 30% (2016: 30%)	5,440	18,359	87,084	156,827
Tax effect of adjustments on taxable income				
Effect of income exempted from taxation	(4,198)	(109,232)	(4,198)	(109,232)
Effect of non-deductible expenses in determining taxable profit	125,470	104,239	6,364	104,239
Effect of disposal of property plant and equipment	-	(88,843)	-	(88,843)
Effect of other allowances	(1,768)	116,654	(1,349)	(256)
Effect of proposed dividend	-	37,514	-	37,514
Effect of education tax	19,414	14,539	11,839	10,122
Effect of balancing charges	1,465	-	-	-
	145,823	**93,230**	**99,740**	**110,371**

	Group		Company	
	2017 N '000	**2016 N '000**	**2017 N '000**	**2016 N '000**
14. Tax Payable				
The movement in tax payable/receivable is as follows:				
At 1 October	271,823	378,307	273,889	357,757
Vono liability assumed on business combination	-	28,749	-	28,749
Company income tax	196,023	70,962	107,523	73,113
Payment during the year	(138,262)	(206,195)	(124,720)	(185,730)
At 30 September	**329,584**	**271,823**	**256,692**	**273,889**

The balance as at 30 September 2016 for group purpose is the net of current tax payable of N279.2 million and current tax receivable N7.4 million shown on the statement of financial position.

15. Property, plant and equipment

Group

	Land N '000	Building N '000	Plant and machinery N '000	Furniture and fixtures N '000	Motor vehicle N '000	Total N '000
Cost						
Balance at 1, October, 2015	319,072	3,668,163	2,270,060	341,986	577,439	7,176,720
Additions	9,580	32,714	123,799	39,294	85,263	290,650
Adjustments	(32,097)	-	-	-	-	(32,097)
Reclassification	(8,444)	8,444	3,072	(3,072)	-	-
Disposal	-	-	(7,501)	(350)	(84,421)	(92,272)
Transfer	-	-	(113,585)	-	-	(113,585)
Effect of foreign currency exchange differences	-	36,855	6,244	1,215	2,559	46,873
Reclassification to held for sale	-	(566,091)	(128,379)	(27,066)	(62,308)	(783,844)
Balance at 30 September, 2016	288,111	3,180,085	2,153,710	352,007	518,532	6,492,445
Additions	19,758	728	74,051	9,273	10,422	114,232
Disposal	-	-	-	(1,342)	(42,353)	(43,695)
Transfer	-	-	150,730	-	-	150,730
Reclassification	(17,886)	17,886	(4,479)	5,080	(601)	-
Effect of foreign currency exchange difference	-	(139,870)	(22,856)	(2,296)	(3,191)	(168,213)
Balance at 30 September, 2017	**289,983**	**3,058,829**	**2,351,156**	**362,722**	**482,809**	**6,545,499**

Group

	Land	Building	Plant and machinery	Furniture and fixtures	Motor vehicle	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Accumulated depreciation						
Balance at 1 October, 2015	-	452,104	1,575,264	230,204	406,665	2,664,237
Charge for the year	-	65,693	167,046	30,293	54,860	317,892
Reclassification	-	-	1,773	(1,773)	-	-
Reclassification to held for sale	-	(120,149)	(52,000)	(17,282)	(29,530)	(218,961)
Disposal	-	-	(7,500)	(344)	(60,689)	(68,533)
Effect of foreign currency exchange differences	-	987	1,230	521	1,621	4,359
Transfer	-	-	(27,634)	274	(274)	(27,634)
Adjustments	-	-	(7,537)	-	-	(7,537)
Balance at 30 September, 2016	-	398,635	1,650,642	241,893	372,653	2,663,823
Charge for the year	-	93,838	215,702	33,431	58,086	401,057
Disposal	-	-	-	(937)	(31,434)	(32,371)
Transfer	-	-	27,634	-	-	27,634
Reclassification	-	-	(416)	776	(360)	-
Effect of foreign currency exchange difference	-	(7,839)	(9,328)	(1,492)	(1,877)	(20,536)
Balance at 30 September, 2017	-	484,634	1,884,234	273,671	397,068	3,039,607
Carrying amount						
Balance as at 30 September, 2017	**289,983**	**2,574,195**	**466,922**	**89,051**	**85,741**	**3,505,892**
Balance as at 30 September, 2016	**288,111**	**2,781,450**	**503,068**	**110,114**	**145,879**	**3,828,622**

Company

	Land	Buildings	Plant and machinery	Furniture and fixtures	Motor Vehicle	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost						
Balance at 1 October, 2015	299,822	2,147,122	1,621,759	266,293	444,616	4,779,612
Addition	2,500	4,058	15,836	4,382	50,190	76,966
Disposal	-	-	(7,501)	-	(80,531)	(88,032)
Reclassification	-	-	-	293	(293)	-
Adjustment	(32,097)	-	-	-	-	(32,097)
Balance at 30 September, 2016	270,225	2,151,178	1,630,094	270,968	413,982	4,736,447
Addition	19,758	579	44,950	3,320	-	68,607
Disposal	-	-	-	(377)	(38,490)	(38,867)
Balance at 30 September, 2017	289,983	2,151,757	1,675,045	273,911	375,492	4,766,188
Accumulated depreciation						
Balance at 1 October, 2015	-	281,311	1,305,902	188,550	337,571	2,113,334
Charge for the year	-	57,433	123,763	24,451	38,387	244,034
Disposal	-	-	(7,500)	-	(17,044)	(24,544)
Transfer	-	-	-	274	(274)	-
Balance at 30 September, 2016	-	338,744	1,422,165	213,275	318,449	2,292,633
Charge for the year	-	65,195	92,194	22,336	36,422	216,147
Disposal	-	-	-	(242)	(28,460)	(28,702)
Balance at 30 September, 2017	-	403,939	1,514,359	235,370	326,411	2,480,079
Carrying amount						
Balance as at 30 September, 2017	**289,983**	**1,747,818**	**160,686**	**38,541**	**49,081**	**2,286,109**
Balance as at 30 September, 2016	**270,225**	**1,812,434**	**207,929**	**57,693**	**95,533**	**2,443,814**

Contractual commitments

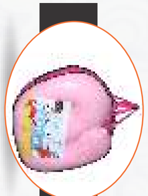
At 30 September, 2017 the company had no contractual commitments for the acquisition of property, plant and equipment (2016: Nil).

Transfer - The transfer on the group schedule of property, plant and equipment relates to cost of equipment leased to Vitapur Nigeria limited, a subsidiary of Vitafoam in July 2015 on a finance lease arrangement with Vitafoam Nigeria Plc. However, Vitapur Nigeria reclassified the asset in their books in 2016 reporting period. This has now been recognised in 2017 financial year by the group.

Assets pledged - Some borrowings are secured by a debenture on all the fixed and floating assets of the Group.

Held for Sale - The amount shown as held for sale is the carrying amount (cost less accumulated depreciation) in the books of Vono Product Plc prior to the business combination.

Adjustment- This relate to the correction of borrowing cost on land previously capitalised.



16. Intangible assets

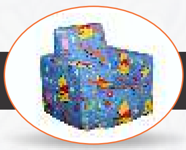
Group

	Computer software N'000
Cost	
Balance at 1 October, 2015	60,672
Additions	19,672
Disposal	(3,359)
Balance at 30 September, 2016	76,985
Addition	13,367
Balance at 30 September, 2017	90,352
Accumulated amortisation	
Balance at 1 October, 2015	10,097
Charge for the year	17,090
Disposal	(965)
Balance at 30 September, 2016	26,222
Charge for the year	16,964
Balance at 30 September, 2017	43,186
Carrying amount	
Balance as at 30 September, 2017	**47,166**
Balance at 30 September, 2016	**50,763**

Company

	Computer Software N'000
Cost	
Balance at 1 October, 2015	57,313
Addition	19,672
Balance at 30 September, 2016	76,985
Addition	10,483
Balance at 30 September, 2017	87,468
Accumulated amortisation	
Balance at 1 October, 2015	9,132
Charge for the year	17,090
Balance at 30 September, 2016	26,222
Charge for the year	16,243
Balance at 30 September, 2017	42,465
Carrying amount	
Balance as at 30 September, 2017	**45,003**
Balance at 30 September, 2016	**50,763**

There were no development expenditure capitalised as internally generated intangible asset during the year (2016 Nil).
Intangible assets represent cost of development and implementation of Enterprise risk management which have useful life of 5 years and amortised on a straight line basis over these years. No impairment charges as assets were not impaired.



17. Investment property

The investment property relate to twin duplexes located at Marwa gardens in Lagos state, a factory building located at Acme road, Ikeja rented to Vitapur and a factory building rented to Vitavisco. The Group earns rental income on these properties.

	Group & Company N'000
Cost	
Balance at 1 October, 2015	463,223
Balance at 30 September, 2016	463,223
Balance at 30 September, 2017	463,223
Accumulated depreciation	
Balance at 1 October, 2015	96,018
Charge for the year	14,037
Balance at 30 September, 2016	110,055
Charge for the year	14,037
Balance at 30 September, 2017	124,092
Carrying amount	
Balance as at 30 September, 2017	**339,131**
Balance at 30 September, 2016	**353,168**

The buildings are depreciated on a straight line basis at a rate of 3% per annum.

18. Available for sale financial assets

Available-for-sale financial assets include the following:

	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Investment in quoted shares	7,768	7,768	7,768	7,768
Investment in unquoted shares	10,000	10,000	10,000	10,000
	17,768	17,768	17,768	17,768

Available-for-sale financial assets are denominated in the following currencies:

	2017 N'000	2016 N'000
Naira	17,768	17,768

Unquoted equity shares relate to investments in UNICO pensions which is carried at cost.

Quoted equity shares relate to investments in FBN, Access bank Plc and Ecobank Transnational Incorporated. The market value of the shares is 7 million.

Fair value changes are recognized in other comprehensive income/available for sale reserve in equity.

	Group		Company	
	2017 N. '000	2016 N. '000	2017 N. '000	2016 N. '000
19. Inventories				
Finished goods - cost	1,139,412	972,086	910,410	688,512
Raw materials - cost	2,899,328	2,795,184	2,084,991	2,050,300
Work in progress - cost	660,849	311,892	519,563	198,157
Spare parts and consumables - cost	465,232	353,560	447,202	331,033
	5,164,821	4,432,722	3,962,166	3,268,002
Inventories (write-downs)	(31,536)	(16,709)	(28,536)	(13,709)
	5,133,285	**4,416,013**	**3,933,630**	**3,254,293**
At October 1	16,709	12,246	13,709	8,073
Inventory (write-downs) charged to profit or loss	14,827	4,463	14,827	5,636
At 30 September	**31,536**	**16,709**	**28,536**	**13,709**
20. Trade and other receivables				
Trade receivables	1,679,743	1,807,780	1,092,473	1,366,075
Other receivables	201,581	230,011	111,689	130,631
Staff debtors	18,448	19,206	10,107	12,851
Receivables from related parties- Note 36	-	-	2,174,982	2,278,585
Impairment of receivables	(398,495)	(241,523)	(264,003)	(173,336)
	1,501,277	**1,815,474**	**3,125,248**	**3,614,806**

Trade receivables are presented net of related impairment allowance. An analysis of gross receivables and impairment is presented as follows:

Prepayments for prior period has been reclassified to other assets.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Gross trade receivables	1,679,743	1,807,780	1,092,473	1,366,075
Allowance for impairment	(398,495)	(241,523)	(264,003)	(173,336)
Net trade Receivables	**1,281,248**	**1,566,257**	**828,470**	**1,192,739**

Summary of trade receivable aging analysis

The ageing of amounts past due but not impaired is as follows:

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
0 to 30 days	503,924	542,334	327,790	409,823
30 to 60 days	201,570	216,934	131,097	173,103
90 to 120 days	83,987	278,575	54,624	210,509
90 to 180 days	218,367	235,011	142,021	177,590
180 to 360 days	273,404	293,403	172,938	221,714
	1,281,252	**1,566,257**	**828,470**	**1,192,739**

Reconciliation of allowance for impairment of trade and other receivables

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

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
At 1 October	(241,523)	(212,068)	(173,336)	(139,451)
Provision for impairment	(116,142)	(149,759)	(49,837)	(74,896)
Amounts written off as uncollectable	-	120,304	-	41,011
Amount reclassified from other receivables	(40,830)	-	(40,830)	-
At 30 September	**(398,495)**	**(241,523)**	**(264,003)**	**(173,336)**

The creation and release of allowance for impaired receivables have been included in operating expenses in profit or loss .
Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.
The carrying amounts of the trade and other receivables are denominated in naira

21. Other assets

Other assets represents various forms of prepayments. They are as follows:

	Group		Company	
	2017 N '000	Restated 2016 N '000	2017 N '000	Restated 2016 N '000
Prepaid rent	106,295	94,318	37,109	50,679
Prepaid insurance	10,452	10,157	9,711	8,543
Prepaid advertisement	23,757	6,374	10,348	6,000
Prepaid subscription	4,797	872	4,797	872
Advance payment for forex	397,195	338,056	240,920	338,056
Other prepayments	110,085	105,733	69,468	55,410
	652,581	**555,510**	**372,353**	**459,560**

Advance payments for forex relates to payments on account of forex for various letters of credit opened with commercial banks as at the end of the reporting period.

22. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the statement of cashflows:

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Cash on hand	24,961	25,860	14,614	15,016
Bank balances	435,833	455,317	328,262	361,003
Fixed deposit	55,713	46,444	55,713	46,444
Cash and bank	516,507	527,621	398,589	422,463
Bank overdraft	(2,076,344)	(1,898,370)	(1,761,719)	(1,888,703)
	(1,559,837)	**(1,370,749)**	**(1,363,130)**	**(1,466,240)**

(The group has restricted cash balance of N243.4 million held as a collateral for credit line for letter of credit by Zenith bank plc 2016 : N243.4 million).

23. Borrowings

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Non Current				
Bank borrowings	766,448	1,096,162	147,839	165,354
Current				
Bank overdraft	2,076,344	1,898,370	1,761,719	1,888,703
Commercial papers	2,462,225	3,127,815	2,462,225	3,127,815
Bank borrowings	606,704	600,439	583,520	525,439
	5,145,273	5,626,624	4,807,464	5,541,957
	5,911,721	**6,722,786**	**4,955,303**	**5,707,312**

a. Bank borrowings

The term loans represent the outstanding balances on two facilities - 4-year term loan of N450 million and 4 -year term loan of N240 million granted to the parent by a commercial bank in 2015. Both loans are secured by a negative pledge on the parent's fixed and floating assets and are carried at fair values based on cash flows discounted using effective interest rate of 20%. The Group obtained loan from International Finance Corporation to finance capital construction at the Sierra Leone Subsidiary. In 2013, the loan was bought over during the year by a local bank in Sierra leone with a tenor of 4 years denominated in leones.
Bank overdrafts and commercial papers are not discounted as the fair value equals carrying amounts.

b. Reconciliation of borrowings

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
At 1 October	4,824,416	2,859,513	3,818,607	1,889,988
Proceeds from borrowings	9,918,334	7,329,927	9,918,334	7,010,703
Repayment of borrowings	(10,907,373)	(5,365,024)	(10,543,358)	(5,082,084)
At 30 September	**3,835,377**	**4,824,416**	**3,193,583**	**3,818,607**

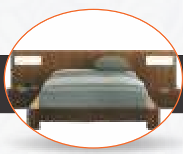
24. Deferred income

Government grants have been recognised on the loans (Wema Bank and Zenith Bank) received under the CBN/BOI intervention fund for a former subsidiary of the Group, Vono Products Plc. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The company government grant was presented in the statement of financial position by setting up a deferred income.

25. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

Group	At 1 October	P&L charges/ write back	OCI write back	At 30 September
30 September 2017	N'000	N'000	N'000	N'000
Deferred tax assets/liabilities in relation to:				
Property, plant & Equipment	508,398	(95,570)	-	412,828
Provisions	(242,476)	45,370	42,214	(154,892)
Exchange difference	134,568	-	-	134,568
	400,490	**(50,200)**	**42,214**	**392,504**



Deferred tax (cont'd)

Group

30 September 2016	**At 1 October N'000**	**P&L charges/ write back N'000**	**OCI write back N'000**	**At 30 September N'000**
Deferred tax assets/liabilities in relation to:				
Property, plant & Equipment	501,983	6,415	-	508,398
Provisions	(177,233)	(65,243)	-	(242,476)
Exchange difference	53,472	81,096	-	134,568
	378,222	**22,268**	**-**	**400,490**

The following are the major deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior reporting periods.

Company

30 September 2017	**At 1 October N'000**	**P&L charges/ write back N'000**	**OCI write back N'000**	**At 30 September N'000**
Deferred tax assets/liabilities in relation to:				
Property, plant & Equipment	508,399	11,787	-	520,186
Provision	(219,751)	(19,570)	42,214	(197,107)
Exchange difference	134,568	-	-	134,568
	423,216	**(7,783)**	**42,214**	**457,647**

30 September 2016	**At 1 October N'000**	**P&L charges/ write back N'000**	**OCI write back N'000**	**At 30 September N'000**
Deferred tax assets/liabilities in relation to:				
Property, plant & Equipment	501,983	6,416	-	508,399
Provisions	(169,496)	(50,255)	-	(219,751)
Exchange difference	53,472	81,096	-	134,568
	385,959	**37,257**	**-**	**423,216**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax assets(liabilities) after offset presented in the Statement of Financial Position:

	Group		**Company**	
	2017 N. '000	**2016 N. '000**	**2017 N. '000**	**2016 N. '000**
Deferred tax assets	(154,892)	(242,476)	(197,107)	(219,751)
Deferred tax liabilities	547,396	642,966	654,754	642,967
	392,504	**400,490**	**457,647**	**423,216**

26. Employee benefits obligation

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Statement of financial position obligation				
Retirement benefit obligation	187,364	243,816	187,364	243,816
Long Service Awards Benefits	96,413	121,002	96,413	121,002
Liability in the statement of financial position	**283,777**	**364,818**	**283,777**	**364,818**

Defined benefit plan

The group operates a defined benefit/staff gratuity plan where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period on date of retirement. The plan is partly funded and plan assets are managed externally by Nigeria Life and Pensions.

Actuarial valuation of staff gratuity report was carried out by Ernst & Young and signed O. O. Okpaise (FRC/2012/NAS/00000000738) The amounts recognised in the statement of financial position are determined as follows:

Carrying value

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Present value of the defined benefit obligation	(672,265)	(663,532)	(672,265)	(663,532)
Fair value of plan assets	484,900	419,716	484,900	419,716
	(187,365)	**(243,816)**	**(187,365)**	**(243,816)**

Net defined benefit obligation

The movement in the present value of retirement benefits obligation during the year is as follows:

	Group		Company	
	2017 N. '000	**2016 N. '000**	**2017 N. '000**	**2016 N. '000**
At 1 October	663,532	512,945	663,532	512,945
Current service cost	87,324	63,865	87,324	63,865
Interest cost	98,488	76,155	98,488	76,155
Actuarial (gains) losses	(133,312)	130,974	(133,312)	130,974
Benefits paid	(43,767)	(120,407)	(43,767)	(120,407)
At 30 September	**672,265**	**663,532**	**672,265**	**663,532**

The movement in the fair value of the plan asset during the year is as follows:

	Group		Company	
	2017 N '000	**2016 N '000**	**2017 N '000**	**2016 N '000**
At 1 October	419,716	409,320	419,716	431,117
Expected return on plan assets	61,151	68,257	61,151	68,257
Employer contributions	34,454	60,206	34,454	38,409
Benefits paid by fund	(37,821)	(62,481)	(37,821)	(62,481)
Actuarial gain/(loss) on plan asset	7,400	(55,586)	7,400	(55,586)
At 30 September	**484,900**	**419,716**	**484,900**	**419,716**

The amounts recognised in profit or loss and other comprehensive income in respect of defined benefit obligation, plan assets and long service award are as follows:

	Group		Company	
	2017 N '000	**2016 N '000**	**2017 N '000**	**2016 N '000**
Service cost	104,023	76,131	104,023	76,131
Interest cost	115,876	88,558	115,876	88,558
Expected return on plan assets	(61,152)	(68,257)	(61,152)	(68,257)
Actuarial gain/(loss) on long service award	(58,676)	10,589	(58,676)	10,589
Remeasurement gains or (losses) Note (41)	140,712	(186,560)	140,712	(186,560)

Key assumptions used

The principal actuarial assumptions were as follows:

	Group and Company	
	2017	**2016**
	%	%
Discount rates used (p.a)	15.50	15.00
Expected rate of return on assets (p.a)	15.50	15.00
Expected rate of return on reimbursement rights (p.a)	12.00	12.00
Expected increase in salaries	14.00	14.00

Other assumptions

Assumptions regarding future mortality experience are based on rates published in the A67/70 Ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK. These have been rated down by one to more accurately reflect mortality rate in Nigeria thus:

	Group and Company	
Mortality in service	**Number of deaths in year out of 10000**	
Sample age	**2017**	**2016**
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from service		
Age Band	**Rate (%)**	**Rate (%)**
Less than or equal to 30	5	3.0
31-39	4.5	2.5
40-44	4.0	2
45-55	3.5	1
56-59	3.0	0

These tables translate into an average life expectancy in years for a pensioner retiring at age 60.

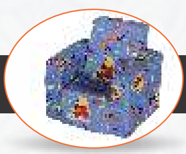
Long service award

The Group provides employees with a Long service award benefit – a cash award expressed as a proportion of Basic Salary together based on year of service. The group's mandatory retirement age is 60years for all staff. The Scheme is unfunded.

Liability in the statement of financial position

The movement in the present value of Long service award obligations over the year for both group and company is as follows:

	Group and Company	
	2017	**2016**
	N'000	**N'000**
At 1 October	121,002	87,769
Current service cost	16,699	12,266
Interest cost	17,388	12,403
Actuarial (gains)/losses	(58,676)	10,589
Benefits paid	-	(2,025)
At 30 September	**96,413**	**121,002**



Sensitivity analysis

The sensitivities of the retirement benefit obligation to the principal assumptions adopted in the determining the liabilities are as follows:

Base	**Change in assumption**	**Impact on retirement benefit obligation as at 30 September 2017**
		N'000
Discount rate	+1%	672,264
	-1%	610,974
Salary Increases	+1%	743,003
	-1%	746,587
Mortality experience	Age rated up by 1 year	607,033
	Age rated	672,241
	down by 1 year	672,282

The weighted average duration of the defined benefit obligation is 12.97 years.

27. Trade and other payables

	Group		Company	
	2017 N '000	**2016 N '000**	**2017 N '000**	**2016 N '000**
Trade payables	1,499,279	605,937	1,241,592	740,432
Dealers' security deposit	33,458	92,696	30,744	92,002
Dividends unclaimed (Note 31)	282,383	271,339	282,383	271,339
Other credit balances	208,038	31,253	178,595	53,784
Value added tax payable	721,794	740,993	613,334	577,920
Accrued expenses	174,072	193,126	63,635	95,385
Withholding tax payable	34,947	27,648	39,165	31,294
Other accounts payable	158,402	88,733	101,295	74,068
	3,112,373	**2,051,725**	**2,550,743**	**1,936,224**

All trade payables are due within twelve (12) months.

*Dividend unclaimed: This represents dividend but unclaimed by various shareholders for the past 12 years.

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
28. Share capital				
Authorised				
2,400,000,000 Ordinary shares of 50 kobo each	1,200,000	1,200,000	1,200,000	1,200,000
Reconciliation of number of shares issued:	**Number**	**Number**	**Number**	**Number**
Beginning balance	1,042,070	982,800	1,042,070	982,800
Shares repurchase	-	(300)	-	(300)
Issue of shares – ordinary shares	-	59,570	-	59,570
	1,042,070	1,042,070	1,042,070	1,042,070

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Issued				
Ordinary	521,035	521,035	521,035	521,035
29. Share premium				
Share premium	3	3	3	3

30. Loss/Basic earnings per share

(Loss)/basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2017	Restated 2016	2017	Restated 2016
Net (loss)/profit attributable to shareholders (N'000)	(151,960)	(39,272)	190,540	412,386
Weighted number of ordinary shares in issue as at year end (000)	1,042,070	1,012,435	1,042,070	1,012,435
(Loss)/earnings per share (Kobo)	(15)	(4)	18	41

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive ordinary shares during the year.

31. Dividends paid

a. Dividends of N125.04 million (N0.12 per share) which relates to year ended 30 September 2016 (2015 N245.7 million (N0.25 per share)) was paid by Vitafoam Nigeria Plc (Company) in arrears in the year 2017. Vitablom Nigeria Limited also paid a dividend of N30 million (N0.15 per share) for the same period. A dividend in respect of the year ended 30 September 2017 of N0.15 per share, amounting to a total dividend of N156.36 million is to be proposed by Vitafoam Nigeria Plc at the annual general meeting on 8th March, 2018 while a dividend of N0.16 amounting to N32 million is to be proposed by Vitablom Nigeria Limited. This financial statement does not reflect the dividend payable.

b. **Dividend unclaimed**: This represent dividend declared but unclaimed by various shareholders for the past 12 years.

32. Cash generated from/(used in) operations

	Group		Company	
	2017 N '000	**2016 N '000**	**2017 N '000**	**2016 N '000**
Profit before taxation	18,133	61,198	290,280	522,757
Adjustments for:				
Depreciation and amortisation	432,058	349,018	246,426	275,161
Loss on sale of assets	3,579	11,497	3,579	11,608
Adjustment on property, plant and equipment	26,141	632,682	-	32,097
Gain/loss on exchange difference	10,622	(167,617)	-	-
Finance costs	1,376,814	895,059	1,175,195	774,418
Interest received	(61,152)	(68,257)	(61,152)	(68,257)
Fair value adjustments	-	(2,654)	-	(2,654)
Vono tax liability assumed	-	28,749	-	28,749
Movements in retirement benefit assets and	17,459	(13,136)	17,460	8,661
Liabilities				
Transfer to non-controlling interest		383,112		
Reserves arising from business combination		393,018		563,389
Share premium adjustment		(759)		(759)
Held for sale transfered from Vono	-	(1,696,146)	-	(1,570,043)
Transfer between reserves	83,203	29,635	-	29,635
Changes in working capital:				
Inventories	(717,272)	48,599	(679,337)	(220,825)
Trade and other receivables	314,197	1,011,144	489,557	1,081,800
Prepayments	(97,071)	(387,028)	87,207	(318,915)
Trade and other payables	1,060,648	(2,075,331)	614,519	(1,699,072)
Deferred income	(10,759)	(57,263)	(10,759)	17,874
Deferred tax liabilities	42,213	-	42,213	-
	2,498,813	**624,480**	**2,215,188**	**(534,376)**

33. Contingent Liabilities

Contingent liabilities arising from pending litigations as at year end amounted to N82.7million (2016: N17million). Based on the solicitors' advise, the Directors are of the opinion that they have good defense against the action, and that there is no likelihood of any loss arising therefrom.

34. Commitments and Guarantees

a. Capital expenditure authorised by the directors but not contracted was Nil (2016: Nil)

b. Capital expenditure contracted but not provided for in the financial statements was Nil (2016: Nil)

35. Directors and employees information

Directors' emoluments

Remuneration paid to the directors is as follows:

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	Restated 2016 N '000
Basic	56,537	70,944	56,537	50,659
Other emoluments	4,335	3,869	4,335	3,869
	60,872	**74,813**	**60,872**	**54,528**
Chairman	6,800	9,250	6,800	9,250
Emoluments of the highest paid director	30,178	28,947	30,178	28,947

The number of directors excluding the chairman whose emoluments were within the following ranges were:

	Number	Number	Number	Number
N6,000,000 - N12,000,000	2	4	2	4
N12,300,001 and above	2	3	2	3

Employees

The average number of persons employed by the Group and Company during the period were as follows:

	Number	Number	Number	Number
Management	152	167	107	111
Non-management	536	575	370	401
	688	**742**	**477**	**512**

The breakdown of employee emoluments are as follows:

	Group		Company	
	2017 N. '000	2016 N. '000	2017 N. '000	2016 N. '000
Employee cost charged to cost of sales	167,234	161,923	134,240	125,364
Employee cost charged to administrative expenses	1,443,087	1,363,553	1,118,683	1,062,261
Gratuity Expenses	104,023	76,131	104,023	76,131
	1,714,344	**1,601,607**	**1,356,946**	**1,263,756**

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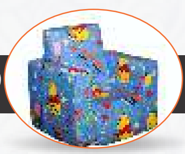
Employees remunerated at higher rates excluding allowances and pension costs were:

	Group		Company	
	2017	2016	2017	2016
N	Number	Number	Number	Number
100,001 - 200,000	20	30		-
200,001 - 300,000	33	54	1	12
300,001 - 400,000	170	268	115	215
400,001 - 500,000	195	160	166	112
500,001 - 600,000	68	43	60	36
600,001 - 700,000	32	30	24	19
700,001 - 800,000	26	18	20	13
800,001 - 900,000	15	15	8	8
900,001 - 1,000,000	9	11	8	8
1,000,001 - 1,100,000	15	15	13	15
1,100,001 - 1,200,000	6	7	5	7
1,200,001 - 1,300,000	3	5	1	1
1,300,001 - 1,400,000	6	7	3	5
1,400,001 - 1,500,000	6	7	3	4
1,500,001 - 2,000,000	20	27	17	20
2,000,001 - 2,500,000	6	6	4	5
2,500,001 - 3,000,000	8	7	6	6
3,000,001 - 3,500,000	3	4	1	2
3,500,001 - 4,000,000	4	2	3	2
4,000,000 - 4,500,000	3	3	3	3
4,500,001 - 5,000,000	3	3	2	2
5,000,001 - 5,500,000	4	4	4	4
5,500,001 - 6,500,000	4	6	2	5
6,500,001 - 8,000,000	1	3	1	1
8,000,001 - 9,000,000	5	4	5	4
9,000,001 - 11,000,000	2	2	1	2
Above 11,000,000	1	1	1	1
	668	**742**	**477**	**512**



36. Related party disclosures

Related party balances

The following are the amount due from/(to) subsidiaries:

	Group		Company	
	2017 N. '000	2016 N. '000	2017 N. '000	2016 N. '000
Due from / (to) Related entities				
Vitavisco Nigeria Limited	-	-	57,690	90,588
Vitafoam Ghana	-	-	418,686	405,498
Vitagreen Limited	-	-	256,292	248,070
Vitafoam Sierra Leone	-	-	505,523	424,949
Vono Furniture Products Limited	-	-	67,660	37,412
Vitablom Nigeria Limited	-	-	105,479	261,940
Vitapur Nigeria Limited	-	-	764,143	810,103
Vitaparts Nigeria Limited	-	-	(491)	25
	-	**-**	**2,174,982**	**2,278,585**

There was no outstanding balance due to the subsidiaries of Vitafoam Nigeria Plc.

Related party transactions

During the year the Group entered into transactions with its related parties. The transactions were in the ordinary course of business.Transactions with subsidiaries were at arm's length. Transactions with subsidiaries are eliminated in the Group consolidated accounts. The following transactions were carried out with related parties:

Sales of goods and services	2017 N'000	2016 N'000
Vono Furniture Products Limited	240,935	67,505
	240,935	**67,505**
Purchases from related parties		
Vitablom Nigeria Limited	587,553	486,114
Vitavisco Nigeria Limited	101,906	71,743
Vono Furniture Products Limited	166,522	52,344
Vitapur Nigeria Limited	246,968	181,867
Vitagreen Nigeria Limited	12,830	14,080
	1,115,779	**806,148**

Key management compensation

Key management includes directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal Audit.

Compensation to directors and other key management	Company	
	2017 N'000	2016 N'000
Salaries and other short-term employee benefits	192,626	193,057
Post-employment benefits	10,633	11,250
Total	**203,259**	**204,307**

37. Segment Information

IFRS 8 'Operating segments requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Managing Director of the parent Company. The Managing Director has the responsibility for planning and controlling the activities of the Group.

The group's operating segment information is presented on a product basis. The CODM receives operating and financial information on a monthly basis which is based on the product groupings. The group's has two major product segments -Foam products and Furniture/other products. The foam products include flexible and rigid foam based products, as well as the group's latest innovation- memory foams. Furniture and other products include wood and metal based furnitures, fibres and others.

Transactions between segments are at same range of prices available to the group's key distributors. All segments have the same accounting policies as the Group. The Managing Director assesses the performance of the operating segments based on operating profits. No information on segment assets or liabilities is reviewed by the CODM, therefore information on segment assets/liabilities have not been presented.

	Group		Company	
Operating Profits	**2017**	**2016**	**2017**	**2016**
	N'000	**N'000**	**N'000**	**N'000**
Foam products	6,046	40,023	271,739	488,872
Furniture/Other products	12,087	21,175	18,541	33,885
	18,133	**61,198**	**290,280**	**522,757**

Revenue is generated from local and international sales. An analysis based on customer location is set out below:

Within Nigeria	16,873,789	13,222,963	15,921,022	12,189,568
Outside Nigeria (Ghana and Sierra Leone)	822,031	346,910		
Total revenue	**17,695,820**	**13,569,873**	**15,921,022**	**12,189,568**

The following is an analysis of the Group revenue from continuing operations from its major products:

Foam products	15,354,390	11,662,817	14,904,083	11,223,476
Furniture/Other products	2,341,430	1,963,490	1,016,939	966,092
Total revenue	**17,695,820**	**13,626,307**	**15,921,022**	**12,189,568**

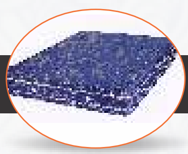
Segment assets and liabilities

Non-current assets which for the purpose of segment disclosures include property plant and equipment, investment property, intangible assets and equity investments are allocated between geographical areas as follows:

	2017	**2016**
Non-current assets (excluding deferred tax)	**N'000**	**N'000**
Within Nigeria	3,014,014	3,145,331
Outside Nigeria (Ghana and Sierra Leone)	895,943	1,104,990
Total	**3,909,957**	**4,250,321**

The folowing is an analysis of the total segment assets and liabilities by product line:

Foam products	10,542,923	11,422,312
Furniture/Other products	2,867,749	1,847,087
Total segment assets	**13,410,672**	**13,269,399**



	2017 N'000	2016 N'000
Foam products	6,790,295	7,946,815
Furniture/Other products	3,246,779	1,890,096
Total segment liabilities	**10,037,074**	**9,836,911**

38. Events after the reporting period

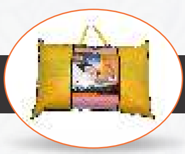
The Bank of industry granted a N2.0 billion, 4 year structured working capital loan on the 18th of September 2017 at 12% interest rate . A year moratorium was granted on the repayment while the actual disbursement was done on the 22nd of December. 2017.

39. Investment in subsidiaries (at cost)

All subsidiaries have the same year end as the parent. The investments represents cost of shares in subsidiaries. It excludes loans to subsidiaries as these are to be repaid and do not represent an increase in the parent's net investment in the subsidiaries.

Heading	Country of incorporation and place of business	Nature of Business	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by non controlling interests	2017 N'000	Restated 2016 N'000
Vitafoam Ghana Limited	Ghana	Sales and distribution of foam and allied products	90%	10%	38,243	38,243
Vitafoam Sierra Leone Limited	Sierra Leone	Manufacturing of foam and allied products	81.92%	18.08%	640,527	639,824
Vitapur Nigeria Limited	Nigeria	Manufacturing of Insulation Products	40%	60%	40,000	40,000
Vitablom Nigeria Limited	Nigeria	Fibre processing and soft furnishing company	37.01%	62.99%	40,219	40,219
Vitavisco Nigeria Limited	Nigeria	Production and sales of Visco elastic foam and latex products	80%	20%	8,000	8,000
Vitagreen Nigeria Limited	Nigeria	Manufacturing of shoe wears	60%	40%	6,000	6,000
Vono Furnitures Products Limited	Nigeria	Manufacture of furniture products	100%		134,863	134,863
Vitaparts Nigeria Limited	Nigeria	Manufacture of motor vehicle oil filters	39%	61%	65,000	15,000
	-	-			972,852	922,149
Provision for diminution in value of investment in subsidiary	-	-	-	-	(86,243)	(86,243)
	-	-	-	-	886,609	835,906

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.



39.1 Summarised financial information on subsidiaries

Summarised financial information on subsidiaries

Set out below are the summarised financial information for major subsidiaries of the group:

	Vitafoam Sierra Leone Limited	Vitafoam Ghana Co. Limited	Vitapur Nigeria Limited	Vitablom Nigeria Limited	Vitavisco Nigeria Limited	Vitagreen Nigeria Limited	Vono Furnitures
In thousand Naira							
30 September, 2017							
Current assets	450,985	82,453	568,914	506,173	82,711	150,941	278,974
Non-current assets	891,428	4,515	124,289	151,359	4,922	17,832	162,086
Current liabilities	(1,105,748)	(434,595)	(952,055)	(196,627)	(80,839)	(229,627)	(288,437)
Non-current liabilities	(321,796)	-	(113,827)	(41,292)	-	-	(59,603)
Equity	46,245	347,669	372,679	(419,613)	(6,794)	60,854	(93,020)
Profit or loss items							
Revenue	397,763	45,063	1,045,398	727,482	125,724	49,695	772,336
Cost of sales	(268,655)	(29,962)	(707,957)	(499,379)	(78,072)	(35,514)	(541,858)
Expenses	(346,168)	(170,013)	(295,653)	(150,921)	(28,952)	(18,908)	(275,370)
Retained income/ (loss)	(200,899)	(154,911)	36,880	34,082	18,842	(2,602)	(33,312)

	Vitafoam Sierra Leone Limited	Vitafoam Ghana Co. Limited	Vitapur Nigeria Limited	Vitablom Nigeria Limited	Vitavisco Nigeria Limited	Vitagreen Nigeria Limited	Vono Furnitures
In thousand Naira							
30 September, 2016							
Current assets	553,156	90,809	529,319	593,164	86,677	123,385	235,373
Non-current assets	1,098,571	6,418	41,656	170,300	11,617	25,563	164,725
Current liabilities	(929,085)	(274,378)	(21,931)	(314,049)	(110,342)	(207,201)	(198,766)
Non-current liabilities	(584,399)	-	(980,022)	(87,788)	-	-	(75,000)
Equity	(138,249)	177,150	409,559	(361,627)	7,145	58,253	(126,332)
Profit or loss items							
Revenue	301,680	67,582	836,642	643,250	114,336	19,584	273,098
Cost of sales	(198,690)	(57,775)	(571,976)	(460,085)	(74,121)	(24,256)	(171,383)
Expenses	(492,782)	(94,556)	(295,843)	(135,824)	(16,729)	(64,036)	(112,682)
Retained income	(380,845)	(84,748)	(14,418)	50,223	18,784	(53,661)	(8,532)

Disposal of interest in a subsidiary without loss of control

None of the subsidiaries shares were disposed during the year.

Vitaparts Nigeria Limited

On 1 October, 2016, Vitaparts Nigeria Limited, a new subsidiary of Vitafoam Nigeria Plc commenced operation.

40. Non-current assets held for sale

The following non-current assets was categorised as held for sales.

Assets and liabilities

	Group		Company	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Non-current assets held for sale				
Property, plant and equipment	**1,697,065**	**1,697,065**	**1,570,043**	**1,570,043**

The non current assets held for sale represents part of the assets of Vono products Plc not transferred to Vono Furniture Limited. The amount shown was the revalued amount in the books of Vono Products Plc before the business combination which is now the carrying amount in the books of Vitafoam Nigeria Plc.

41. Other comprehensive income

Components of other comprehensive income - Group - 2017

	Gross N'000	Tax N'000	Net N'000
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	140,712	(42,214)	98,498
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	10,622	-	10,622
Total	**151,334**	**(42,214)**	**109,120**

Components of other comprehensive income - Group - 2016

	Gross N'000	Tax N'000	Net N'000
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset	(186,560)	-	(186,560)
Business combination			
Gains and losses arising on business combination	111,783	-	111,783
Total items that will not be reclassified to profit or loss	**(74,777)**	-	**(74,777)**
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	(167,617)	-	(167,617)
Total	**(242,394)**	-	**(242,394)**

Components of other comprehensive income - Company - 2017

	Gross N'000	Tax	Net N'000
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset	140,712	(42,214)	98,498

Components of other comprehensive income - Company - 2016

	Gross N'000	Tax	Net N'000
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset	(186,560)	-	(186,560)
Business combination			
Gains and losses arising on business combination (Restated)	111,783	-	111,783
Total	(74,777)	-	(74,777)

42. Prior period restatement

a. The company acquired Vono Products Plc assets and transfered same to Vono Furnture Limited in the prior year . It was observed in the current year that inventory, which was part of the assets aquired and transfered by the company was wrongly valued , resulting in the overstatement of inventory by N75.97 million. .

Consequently, gain arising from the business combination was overstated by the same amount . The error affected investment in subsidiary and reserves in company financial statements as well as inventory and reserves in consolidated financial statements,

The correction of the error resulted in adjustment in 2016 as follows:

Group

Statement of financial position

	2016 Previously stated balance	Adjustment impact	2016 Restated balance
	N'000	N'000	N'000
Reserves (Equity)	493,640	(75,971)	417,669
Inventory (Current Assets)	4,491,983	(75,971)	4,416,012

Other comprehensive income

	2016 Previously stated balance	Adjustment impact	2016 Restated balance
	N'000	N'000	N'000
Gain on business combination	187,754	(75,971)	111,783

Company

Statement of financial position

	2016 Previously stated balance	Adjustment impact	2016 Restated balance
	N'000	N'000	N'000
Investment in subsidiaries (Non-Current Assets)	911,877	(75,971)	835,906
Reserve (Equity)	526,341	(75,971)	450,370

Other comprehensive income

	2016 Previously stated balance	Adjustment impact	2016 Restated balance
	N'000	N'000	N'000
Gain on business combination	187,754	(75,971)	111,783

b. Reclassification of balances

An amount of N243.4 million which represent foreign exchange collateral with a bank was wrongly classified as other asset. This has now been reclassified to cash and bank balance. The details are as disclosed below:

Group

Statement of financial position

	2016 Previously stated balance	Adjustment impact	2016 Restated balance
	N'000	N'000	N'000
Other assets	798,920	(243,410)	555,510
Cash and bank	284,211	243,410	527,621

Company

Statement of financial position

	2016 Previously stated balance	Adjustment impact	2016 Restated balance
	N'000	N'000	N'000
Other assets	702,970	(243,410)	459,560
Cash and bank	179,053	243,410	422,463

43. Depreciation, Amortisation and Impairments

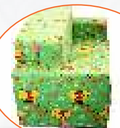
The following items are included within depreciation and impairments

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Depreciation				
Property. Plant and equipment	401,057	311,892	216,147	244,034
Investment property	14,032	14,037	14,037	14,037
	415,089	**325,929**	**230,184**	**258,071**
Amortisation				
Intangible Assets	16,964	17,090	16,243	17,090
Total depreciation, Amortisation and Impairments				
Depreciation	415,089	325,929	230,184	258,071
Amortisation	16,964	17,090	16,243	17,090
	432,053	**334,019**	**246,427**	**275,161**
Depreciation(Cost of Sales)	215,702	164,715	92,194	123,763
Depreciation and amortisation (Admin cost)	216,351	184,304	154,233	151,399
	432,053	**349,019**	**246,427**	**275,161**

24 Value Added Statement

	2017 N '000	%	2016 N '000	%
Group				
Value added				
Revenue	17,695,820		13,569,873	
Interest received	61,152		68,257	
Other income	283,565		284,856	
Bought - in materials and services	(14,499,193)		(11,003,116)	
Total value added	**3,541,344**	**100**	**2,919,870**	**100**
Value distributed				
To pay employ ees				
Salaries, wages, medical and other benefits	1,714,344	48	1,614,594	55
To pay providers of capital				
Finance costs	1,376,814		895,059	
Share of profit to Non-controlling interest	24,270		7,240	
	1,401,084	**40**	**902,299**	**31**
To pay government				
Income tax	176,141		56,423	
Education tax	19,882		14,539	
	196,023	**6**	**70,962**	**2**
To be retained in the business for expansion and future wealth creation:				
Depreciation, amortisation and impairments	432,053		349,019	
Deferred tax	(50,200)		22,268	
Retained profit	(151,960)		(39,272)	
	229,893	6	332,015	12
Total value distributed	**3,541,344**	**100**	**2,919,870**	**100**

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



Value Added Statement 25

	2017 N. '000	%	2016 N. '000	%
Company				
Value added				
Revenue	15,921,022		12,189,558	
Interest received	61,152		68,257	
Other income	260,041		258,648	
Bought - in materials and services	(13,173,368)		(9,680,371)	
Total value added	**3,068,847**	**100**	**2,836,092**	**100**
Value distributed				
To pay employees				
Salaries, wages, medical and other benefits	1,356,946		1,263,756	45
To pay providers of capital				
Finance costs	1,175,195		774,418	
Dividend paid				
	1,175,195	38	774,418	27
To pay government				
Income tax	95,684		62,991	
Education tax	11,839		10,122	
	107,523	**4**	**73,113**	**3**
To be retained in the business for expansion and future wealth creation:				
Depreciation, amortisation and impairments	246,426		275,161	
Deferred tax	(7,783)		37,258	
Retained profit	190,540		412,386	
	429,183	**14**	**724,805**	**25**
Total value distributed	**3,068,847**	**100**	**2,836,092**	**100**

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

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Five Year Financial Summary

	2017 N. '000	2016 N. '000	2015 N. '000	2014 N. '000	2013 N. '000
Group					
Statement of Financial Position					
Assets					
Non-current assets	3,909,957	4,250,321	4,945,377	4,240,708	4,030,503
Net current assets/ liabilities	(790, 695)	(653,428)	345,492	120,119	(118,023)
Assets of disposal groups held for sale	1,697,065	1,697,065	919	-	-
	4,816,327	**5,293,958**	**5,291,788**	**4,360,827**	**3,912,480**
Non-current liabilities	(1,442,729)	(1,861,470)	(1,978,397)	(1,331,760)	(1,206,022)
Net assets	**3,373,598**	**3,432,488**	**3,313,391**	**3,029,067**	**2,706,458**
Equity					
Share capital	521,038	521,038	491,403	409,500	409,500
Retained income	2,387,180	2,565,726	3,092,017	2,807,274	-
Reserves	428,291	417,669	192,268	(9,006)	2,407,164
Non-controlling interest	37,089	(71,945)	(462,297)	(178,701)	(110,206)
Total equity	**3,373,598**	**3,432,488**	**3,313,391**	**3,029,067**	**2,706,458**
Profit and loss account					
Revenue	17,695,820	13,569,873	16,853,042	16,712,922	16,808,851
Profit before taxation	18,133	61,198	213,097	709,722	615,254
Taxation	(145,823)	(93,230)	(285,078)	(274,127)	(225,879)
(Loss) profit for the year	(127,690)	(32,032)	(71,981)	435,595	389,375
Other comprehensive income	-	-	-		856
Non-controlling interest	(24,270)	(7,240)	35,273	83,225	(27,780)
Profit attributable to owners of the parent retained	**(151,960)**	**(39,272)**	**(36,708)**	**518,820**	**418,011**
Per share data- Kobo					
Earnings per share (Basic)	(15)	(4)	(4)	63	51
Net assets per share	324	347	337	370	330

Loss/earnings per share are based on loss/profit after tax and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

Five Year Financial Summary

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	2017 N. '000	2016 N. '000	2015 N. '000	2014 N. '000	2013 N. '000
Company					
Statement of Financial Position					
Assets					
Non-current assets	3,574,620	3,701,419	3,659,266	3,311,981	3,167,681
Net current assets/(liabilities)	207,806	(18,822)	1,318,888	1,055,620	996,449
Assets of disposal groups held for sale	1,570,043	1,570,043	-	-	-
Non-current liabilities	(889,263)	(953,388)	(1,175,322)	(620,597)	(896,817)
Net assets	4,463,206	4,299,252	3,802,832	3,747,004	3,267,313
Equity					
Share capital	521,038	521,038	491,403	409,503	409,503
Reserves	450,370	450,370	(37,048)	(37,048)	-
Retained income	3,491,798	3,327,844	3,348,477	3,374,549	2,857,810
Total equity	4,463,206	4,299,252	3,802,832	3,747,004	3,267,313
Profit and loss account					
Revenue	15,921,022	12,189,558	15,155,102	15,519,856	15,592,358
Profit before taxation	290,280	522,757	489,456	926,311	614,162
Taxation	(99,740)	(110,371)	(292,816)	(266,421)	(219,472)
Profit from discontinued operations	190,540	412,386	196,640	659,890	394,690
Profit for the year	190,540	412,386	196,640	659,890	394,690
Retained income for the year	190,540	412,386	196,640	659,890	394,690
Per share data- Kobo					
Earnings per share (Basic)	18	41	20	81	48
Net assets per share	428	432	387	458	399

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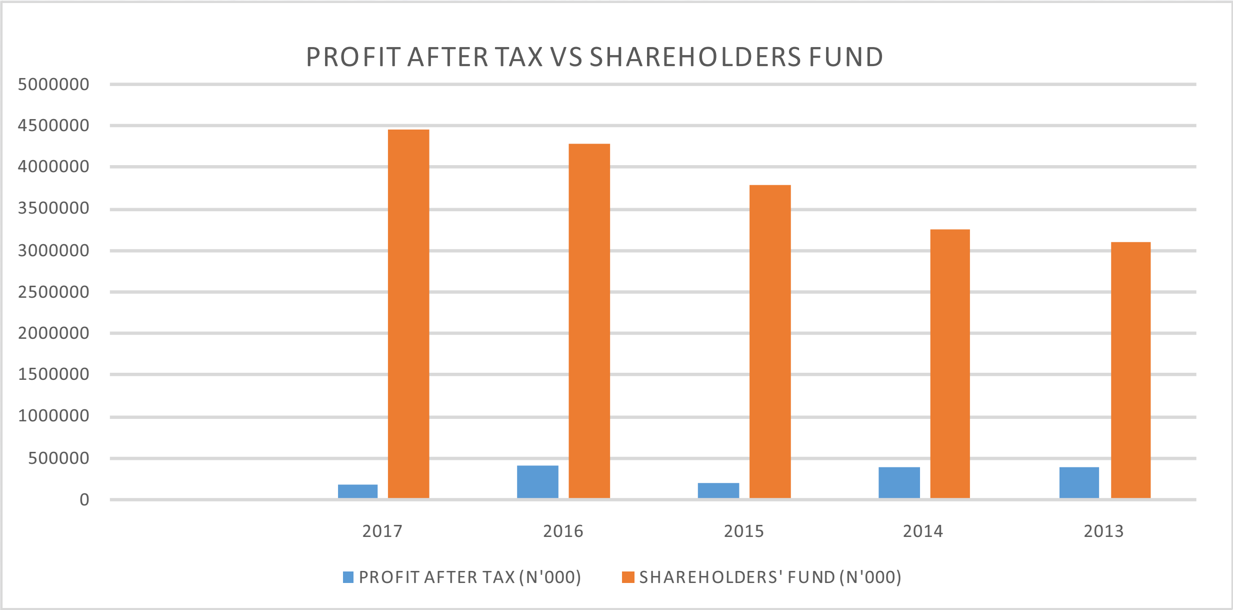
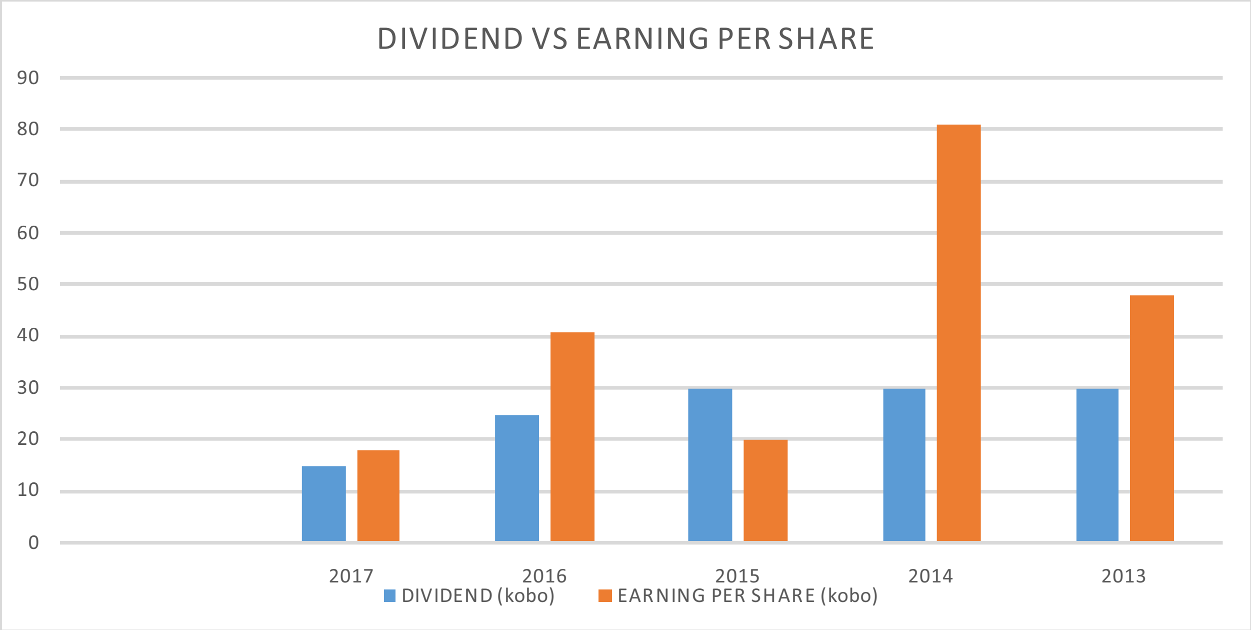
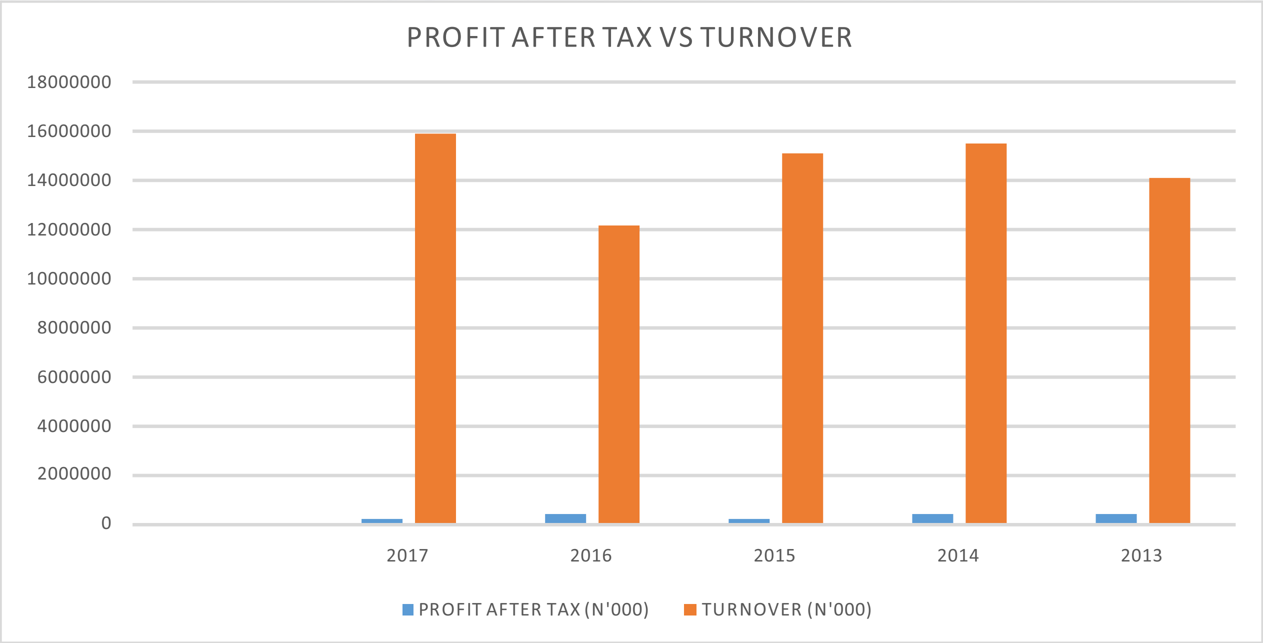
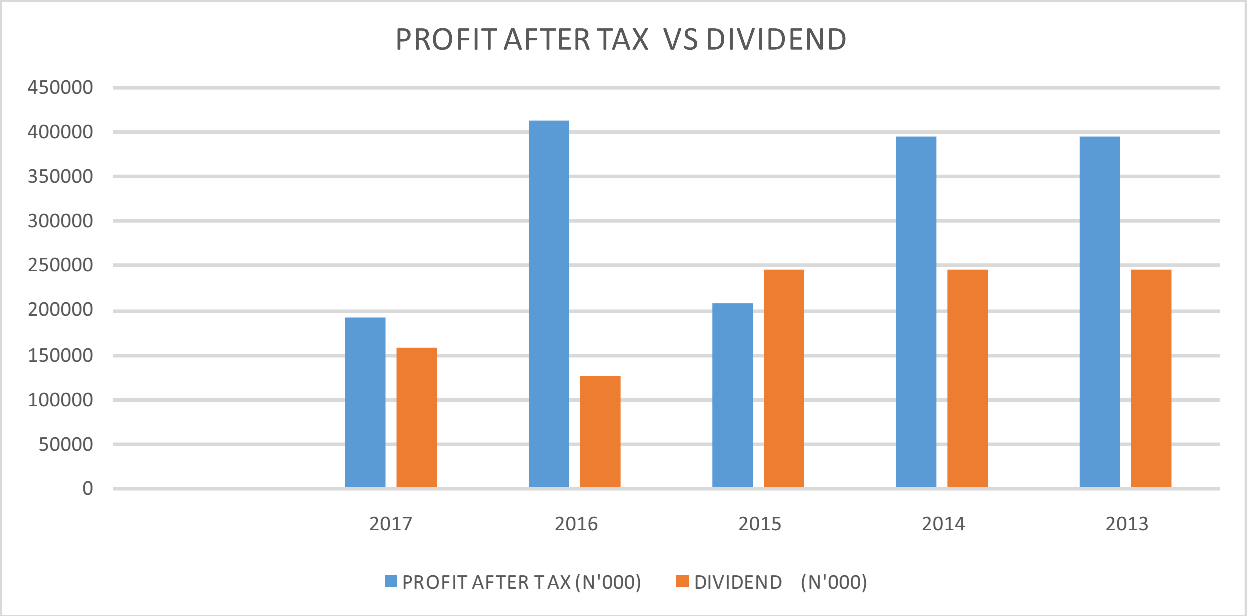
Performance Indicators





Performance Indicators





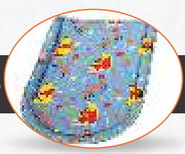
29 Shareholders' Information

DIVIDEND HISTORY

S/N	DIVIDEND NUMBER	DIVIDEND TYPE	AMOUNT DIVIDEND DECLARED (GROSS)	AMOUNT DIVIDEND DECLARED (NET)	DIVIDEND PER SHARE (KOBO)	DATE OF PAYMENT	UNCLAIMED DIVIDEND
1	26	FINAL	174,720,000.00	157,248,000.00	40	30/09/2002	11,363,931.72
2	27	FINAL	196,560,600.00	176,904,000.00	30	19/03/2004	14,339,619.75
3	28	FINAL	196,560,600.00	176,904,000.00	30	19/03/2005	14,600,255.89
4	29	FINAL	98,280,466.04	88,452,409.72	15	17/03/2006	8,203,779.58
5	30	FINAL	98,280,066.72	88,452,083.02	15	15/03/2007	14,169,114.81
6	31	FINAL	204,750,054.56	184,275,049.14	30	21/03/2008	21,582,154.10
7	32	FINAL	245,700,000.00	221,130,000.00	25	20/03/2009	25,170,658.04
8	33	FINAL	204,750,053.33	184,275,048.00	30	19/03/2010	22,580,346.20
9	34	FINAL	245,700,000.00	221,130,000.00	25	04/03/2011	29,902,099.86
10	35	FINAL	245,700,000.00	221,130,000.00	30	08/03/2012	35,687,593.78
11	36	FINAL	245,700,000.00	221,130,000.00	30	08/03/2013	26,154,777.03
12	37	FINAL	245,700,000.00	221,130,000.00	30	10/03/2014	42,282,681.18
13	38	FINAL	245,700,000.00	222,982,874.85	30	09/06/2015	46,887,467.96
14	39	FINAL	245,700,000.00	222,943,964.78	25	14/03/2016	47,291,547.90
15	40	FINAL	125,084,406.36	113,417,293.37	12	09/03/2017	26,754,613.82

SHARE CAPITALISATION HISTORY

Date	Authorised (N)		Issued (N)		No. of Shares	Consideration	Share Ratio
	Increase	Cumulative	Increase	Cumulative			
1978	-	5,480,000	-	5,480,000	10,960,000	-	-
1978 20 June	8,170,000	13,650,000	8,170,000	13,650,000	27,300,000	Cash	-
1978 30 March	4,550,000	18,200,000	4,550,000	18,200,000	36,400,000	Bonus	;
1991 11 April	18,200,000	36,400,000	18,200,000	36,400,000	72,800,000	Bonus	1:1
1995 9 March	113,600,000	150,000,000	36,400,000	72,800,000	145,600,000	Bonus	1:1
1998 26 Feb.	-	150,000,000	72,800,000	145,600,000	291,200,000	Bonus	1:1
1999 25 Feb.	450,000,000	600,000,000	-	145,600,000	291,200,000	-	-
2000 24 Feb.	-	600,000,000	72,800,000	218,400,000	436,800,000	Bonus	1:2
2003 6 March	-	600,000,000	109,200,000	327,600,000	655,200,000	Bonus	1:2
2006 2 March	-	600,000,000	81,900,000	409,500,000	819,000,000	Bonus	1:4
2010 4 March	600,000,000	1,200,000,000	-	409,500,000	819,000,000	-	-
2015 4 June	600,000,000	1,200,000,000	81,900,000	491,400,000	982,800,000	Bonus	1:5



PROXY FORM

VITAFOAM NIGERIA PLC RC 3094

Annual General Meeting to be held at 10.00 a.m. on Thursday, 8th March, 2018 at the Lagos Sheraton Hotel and Towers, Mobolaji Bank Anthony way, Ikeja, Lagos State.

I/We..being a member/members of VITAFOAM NIGERIA PLC, hereby appoint* ....or failing him, the Chairman of the meeting as my/our proxy to vote for me/us or on my/our behalf at the Annual General Meeting of the Company to be held on 8th March, 2018and at any and every adjournment thereof.

Dated this ....day of

....2018.

Shareholder's signature..

IF YOU ARE UNABLE TO ATTEND THE MEETING

A Member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by Proxy. The proxy form has been prepared to enable you exercise your right to vote if you cannot personally attend.

Provision has been made on this form for the Chairman of the Meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked*) the name of any person, whether a member of the Company or not, who will attend and vote on your behalf instead of the Chairman of the meeting.

Please sign the proxy form and post it so as to reach the address shown overleaf not later than 48 hours before the time of holding the meeting. If executed by a corporation, the proxy form should be sealed with the common seal. The proxy must produce the Annual Report sent with the Notice of the Meeting to obtain entrance to the Meeting.

	VOTES	
RESOLUTION	**For**	**Against**
To declare a Dividend		
To re-elect Mrs. Adeola Adewakun as a Director		
To re-elect Mr. Sam N. Okagbue as a Director		
To elect Prof. Rosemary Egonmwan as a Director		
To elect Mr. Mohammed G. Alkali as a Director		
To elect Mr. Gerson P. Silva as a Director		
To authorize the Directors to fix the remuneration of the Auditor		
To approve the Directors' remuneration		
To approve the renewal of general mandate for related party transactions		

Please indicate with 'X' in the appropriate space how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion

Before posting the above card, tear off this part and retain it.

ADMISSION CARD

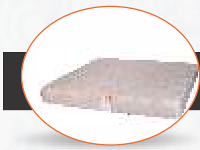
Please admit .... to the Annual General Meeting of VITAFOAM NIGERIA PLC which will be held at 10.00 a.m. on the 8th March, 2018 at the Lagos Sheraton Hotel and Towers, Mobolaji Bank Anthony way, Ikeja, Lagos State.

Shareholder's Signature .... Proxy's Signature ....

IMPORTANT:

a) This admission card must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

b) Shareholders and/ or their proxies are requested to sign the admission card before attending the Meeting.



SECOND FOLD HERE AND INSERT

PLEASE AFIX
POSTAGE STAMP

THE MANAGING DIRECTOR
MERISTEM REGISTRARS LIMITED
213, HERBERT MACAULAY WAY,
ADEKUNLE, YABA,
P.O.BOX 51585 FALOMO, IKOYI,
LAGOS.

SECOND FOLD HERE

FIRST FOLD

Affix Current Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

MERISTEM
REGISTRARS AND PROBATE SERVICES LIMITED

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar
Meristem Registrars And Probate Services Limited
213, Herbert Macaulay Way
Adekunle-Yaba
Lagos State

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank account detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname First Name Other Names

Address:

City State Country

Previous Address (If address has changed)

CHN CSCS A/c No

Name of Stockbroker

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification 012809250

TICK	NAME OF COMPANY	SHARE A/C NO
	ACAP INCOME FUND	
	AFRINVEST EQUITY FUND	
	BERGER PAINTS NIG PLC	
	CEAT FIXED INCOME FUND	
	CHELLARAMS BOND	
	CONOIL PLC	
	CONSOLIDATED HALLMARK INS. PLC	
	CUSTODIAN & ALLIED PLC	
	COVENANT SALT NIGERIA LIMITED	
	EMPLOYEE ENERGY LIMITED	
	ENERGY COMPANY OF NIGERIA PLC [ENCON]	
	eTRANZACT INTERNATIONAL PLC	
	FIDSON HEALTHCARE PLC	
	FOOD CONCEPTS PLC	
	FREE RANGE FARMS PLC	
	FTN COCOA PROCESSORS PLC	
	GEO-FLUIDS PLC	
	JUBILEE LIFE MORTGAGE BANK LTD	
	MAMA CASS RESTAURANTS LIMITED	
	MCN DIOCESE OF REMO	
	MCN LAGOS CENTRAL	
	MCN TAILORING FACTORY [NIGERIA] LIMITED	
	MULTI-TREX INTEGRATED FOODS PLC	
	MUTUAL BENEFITS ASSURANCE PLC	
	NASSARAWA STATE GOVT BOND	
	NASCON ALLIED INDUSTRIES PLC	
	NEIMETH INT'L PHARMS PLC	
	NEWREST ASL NIGERIA PLC	
	NIGER INSURANCE PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY [NMRC] PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY PLC [NMRC] BOND	
	ONWARD PAPER MILLS PLC	
	PACAM BALANCED FUND	
	PAINTS & COATINGS MANUFACTURERS NIG PLC	
	PROPERTYGATE DEVT. & INVEST. PLC	
	R.T. BRISCOE NIGERIA PLC	
	REGENCY ALLIANCE INSURANCE PLC	
	SMART PRODUCTS NIGERIA PLC	
	SOVEREIGN TRUST INSURANCE PLC	
	TANTALIZERS PLC	
	THOMAS WYATT PLC	
	VITAFOAM NIGERIA PLC	
	ZENITH EQUITY FUND	
	ZENITH ETHICAL FUND	
	ZENITH INCOME FUND	

Company Seal (If applicable)

Meristem Registrars And Probate Services Limited
Web: www.meristemregistrars.com; email: info@meristemregistrars.com

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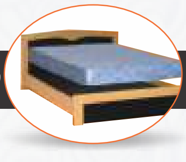


Life is best on
spring
NEW
HAPPY WEDDING DAY