Vitafoam

-the fine art of living

2018

Annual Report & Accounts

VITAFOAM NIGERIA PLC RC:3094

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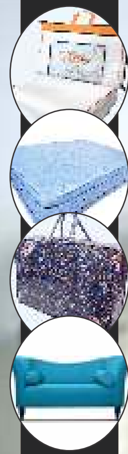


Vitafoam
-the fine art of living

CORPORATE POLICY STATEMENTS

Vitafoam
-the fine art of living

Dr. Bamidele O.
MAKANJUOLA
CHAIRMAN

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 hardness 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 execute and non executive directors who are experts in their own fields. The Board is supported by a robust management team.

ANNUAL REPORT
& ACCOUNTS 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 57th 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, 7thMarch, 2019 at 10.0'clock in the forenoon to transact the following business:

AGENDA

Ordinary Business

1. To lay before the members the Report of the Directors, the audited financial statements for the year ended 30th September, 2018 together with the Report of the Auditor and 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 consider and pass the following resolutions as special resolutions:

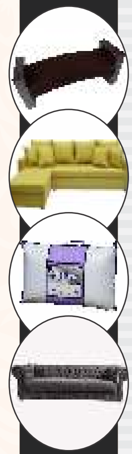
   "THAT pursuant to the Articles of Association of the company and the recommendation of the Directors, the sum of N104,207,000 out of the existing reserve account be capitalized and distributed amongst the shareholders of the company whose names appear on the Register of Members at the close of business on Friday 15thFebruary, 2019 on the condition that the same be not paid in cash but be applied in paying in full for 208,414,000 new ordinary shares of 50 kobo each to be allotted and credited as fully paid for and amongst such members in the proportion of one (1) new ordinary share for every five (5) existing ordinary shares held by them at that date. The shares so distributed shall rank equally with the existing ordinary shares in all respects except that they shall not rank for the dividend recommended for the year ended 30th September, 2018 and the Directors shall give effect to this resolution on receipt of necessary approvals from the appropriate authorities"
8. 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/her. 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 18 December, 2018
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 25 Kobo per ordinary share, subject to appropriate withholding tax and approval will be paid electronically on 8th March, 2019 to Shareholders whose names appear on the Register of Shareholders at the close of business on Friday 15th February 2019, 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, 18th to Friday, 22nd February, 2019, both days inclusive, for the purpose of payment of the dividend.

© 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 revalidiation are advised to complete the e-dividend registration or contact the Company's Registrars, Meristem Registrars Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State or call telephone No. 8920491-2.

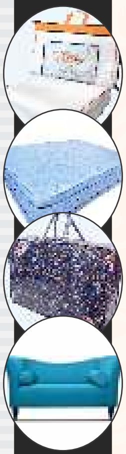
(e) E-DIVIDEND/BONUS

Notice is hereby given to all shareholders to open bank accounts, Stock broking accounts and CSCS accounts for the purpose of dividend /bonus. A detachable application forms for e-bonus/e-dividend are attached to the Annual Report to enable all shareholders furnish particulars of their accounts to the Company's Registrars, Meristem Registrars Limited as soon as possible.

Shareholders can also download the 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.



BOARD OF DIRECTORS AND OFFICIALS

DIRECTORS:

Dr. Bamidele O. Makanjuola	- Chairman
Mr. Taiwo A. Adeniyi	- Group Managing Director
Mr. Abbagana M. Abatcha	- Group Technical & Dev. Director
Mr. Joseph Alegbesogie	- Finance Director (Appointed wef 18/12/18)
Mr. Bamidele S. Owoade	- Commercial Director (Appointed wef 18/12/18)
Mr. Sam N. Okagbue	- Non- Executive Director
Mrs. Adeola Adewakun	- Non- Executive Director
Mr. Gerson Silva	- Non-Executive Director (Appointed wef 01/10/17)
Mr. Mohammed Goni Alkali	- Independent Non-Executive Director (Appointed wef 01/10/17)
Prof. (Mrs.) Rosemary Egonmwan	- Independent Non-Executive Director (Appointed wef 01/10/17)

COMPANY SECRETARY/ LEGAL ADVISER - Mr. OlalekanSanni

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

INDEPENDENT AUDITOR:

Deloitte & Touche Nigeria
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island,
Lagos, Nigeria.

BANKERS:

Bank of Industry
Zenith Bank of Nigeria Plc
First Bank of Nigeria Plc
Wema Bank of Nigeria
United Bank for Africa
Jaiz Bank Plc.
Access Bank Plc.
Union Bank of Nigeria Plc.

DIRECTORS' PROFILE

DR. BAMIDELE OSUOLALE MAKANJUOLA
(Non-Executive)

Dr. Makanjuola 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 the Polymer Institute of Nigeria and G. Fellow of 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 1^{st} April, 2006, a position he held until his retirement on 30^{th} September, 2012. He is currently the Chairman of the Board.

MR. TAIWO AYODELE ADENIYI
(Executive)

Mr. Adeniyi 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 22^{nd} April, 2015 and became the substantive Managing Director on 4^{th} June, 2015.

MR. ABBAGANA MUHAMMAD ABATCHA
(Executive)

Mr. Abacha 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 4^{th} June, 2015

MR. SAM. N. OKAGBUE
(Non-Executive)

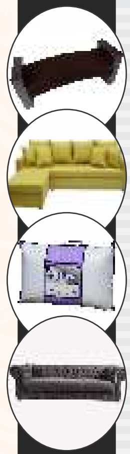
Mr. Okagbue is a legal practitioner of repute. He obtained a Bachelors degree in law from University of Ife, (now Obafemi Awolowo University), in 1980 and Masters degree from University of London, London School of Economics in 1983 and graduated from the Nigerian Law School in 1981. He has been actively 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 1^{st} October 2009.

MRS. ADEOLA ADEWAKUN
(Non-Executive)

Mrs. Adewakun 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 23^{rd} May, 2013.

PROF. (MRS.) ROSEMARY IVIONWEN EGONMWAN
(Independent Non-Executive)

Prof. Egonmwan holds a Bachelor of Science (B.ScHons) Degree with 2^{nd} Class upper 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 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)

Mr. Alkali holds a Bachelor 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 growth 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)

Mr. Silva 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) for18 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. His unique and widely acclaimed experience of Chemical Systems applications will be of immeasurable value to the operations of Vitafoam and some of its subsidiaries with exciting prospects of enhanced technical proficiency and competitiveness. Mr. Silva, a Brazilian was appointed to the Board of the Company with effect from 1st October, 2017.

MR. OWOADE BAMIDELE SOLA

(Executive)

Mr. Owoade Bamidele Sola holds a Bachelors degree in Mechanical Engineering and a Masters degree in Business Administration (MBA). He is a member of the National Institute of Marketing of Nigeria. He started his career in 1995 as management trainee in West African Batteries Limited (Exide) where he gained experience in operations management and quality assurance. He joined Pharma Deko PLC in 2000 as Plant Engineer and later became Factory Engineer and Head, Factory and Engineering. He joined Vitafoam Nigeria Plc in 2008. Prior to his appointment to the board of Vitafoam on 18th December, 2018, Mr. Owoade was at various times the Factory Manager, Ikeja plant, National Sales Manager, Head of Sales and Managing Director Vitablom Nigeria Limited (a subsidiary of Vitafoam).

MR. JOSEPH ALEGBESOGIE

(Executive)

Mr. Joseph Alegbesogie joined the Vitafoam Group in February, 2013, as the Head of Finance and Administration at Vono Products Plc, a then subsidiary of Vitafoam Nig. Plc. Prior to joining Vitafoam, he had held leadership positions in various other organizations including Messrs. Giwa-Osagie, DFK & Co. (Chartered Accountants), as Audit Manager: 2005; Whassan Nigeria Ltd, a then subsidiary of Compass Group Plc, UK, as Financial Controller: 2012. He has over 23 years professional and practical experience in accounting, audit, taxation, and insolvency practice. He was redeployed from Vono Products Plc to Vitafoam Nig. Plc in 2015, as Chief Accountant and later promoted to the position of Head, Finance and Accounts in 2017. Mr. Alegbesogie is an alumni of Lagos Business School, a fellow of The Institute of Chartered Accountants of Nigeria and an Associate member of The Chartered Institute of Taxation of Nigeria. He holds a Bachelors degree in Management from the University of Port Harcourt

BOARD OF DIRECTORS

1. DR. B. O. MAKANJUOLA - CHAIRMAN
2. MR. TAIWO A. ADENIYI - GROUP MANAGING DIRECTOR
3. MR. ABBAGANA M. ABATCHA - GROUP TECHNICAL & DEV. DIRECTOR
4. MR. GERSON SILVA - DIRECTOR
5. MR. MOHAMMED GONI ALKALI - DIRECTOR
6. MR. SAM OKAGBUE - DIRECTOR
7. MRS. ADEOLA ADEWAKUN - DIRECTOR
8. PROF. (MRS.) ROSEMARY I. EGONMWAN - DIRECTOR
9. MR. SOLA BAMIDELE OWOADE - COMMERCIAL DIRECTOR
10. MR. JOSEPH ALEGBESOGIE - FINANCE DIRECTOR

PAST YEAR'S EVENTS IN PICTURES

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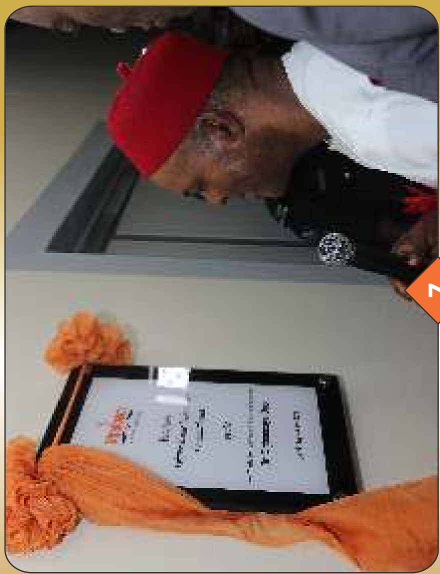

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ORDER OF PHOTOGRAPHS

1 Sponsorship of Nigeria Academy of Science Media Award 2018

2 2018 World Sleep Day in collaboration with Yaba Psychiatric Hospital Sleep Clinic

3 Donation of baby furniture to orphanage home (Green Pasturers Home, Kano)

4 Donation of baby products to first baby of the year 2019 at Lagos Island Maternity Hospital

5 First baby of the year 2019 born 12:05 a.m.

6 Donation of Polyurethane Laboratory to University of Lagos

7 Unveiling of Polyurethane Laboratory by the Honorable Minister of Science and Technology

8 Donation of Mattress and Pillows to Lagos Island Maternity Hospital during the first baby of the year event 2019

9 Polyurethane development seminar for small and medium enterprise at University of Lagos

CHAIRMAN'S STATEMENT

Fellow Shareholders, Representatives of the Regulatory Authorities, Distinguished Ladies and Gentlemen,

It is with great pleasure that I welcome you to the 57th Annual General Meeting of our dear Company-Vitafoam Nigeria Plc. I feel honoured and privileged to present the Audited Financial Statements for the financial year ended 30 September, 2018 and to receive crucial feedback on the performance of the Company. First of all, I would like to highlight key socio-economic developments in the operating environment, some of which influenced and shaped the performance of the Company during the period under review.

BUSINESS ENVIRONMENT

The global economy was beset by escalating trade conflicts, primarily between the United States and China. Lately, the world's foremost economic relationship has been characterised by retaliatory trade tariffs and export restrictions which, in turn, provoked regional discord, supply chain disruptions, and inhibited medium-term economic prospects. It is projected by the International Monetary Fund (IMF) that if the current disputes remain unresolved, this could heighten uncertainty and temper global growth forecasts.

The apprehension of the global business community was further compounded by Brexit - the proposed exit of Great Britain (the world's fifth largest economy) from the European Union (EU). Having triggered Article 50 of the EU Agreement in 2017, the stage appeared set for a seamless exit by the March 2019 deadline. After several rounds of hard negotiations between the UK and EU member states, a divided British parliament struggled to approve the resulting *Withdrawal Agreement and Political Declaration*. In the worst-case scenario, a disorderly"no deal" Brexit could produce unanticipated ripple effects near and far.

While the long-term impact of "*America First*" and similar populist ideas on the world economic order remains speculative, isolationist and protectionist tendencies bode ill for the multilateral institutions and rules-based economic infrastructure that were established at the end of World War II. The withdrawal of the United States from the Paris Climate Agreement and President Trump's ambivalence towards his North Atlantic Treaty Organisation(NATO) partners are further examples of the gradual descent into a new world order that may portend dire consequences for the global economy and world peace.

From Nigeria's perspective, the effects of market uncertainties were moderated by a rebound in crude oil prices at the beginning of the financial year. Production modulation by the Organisation of Petroleum Exporting Countries (OPEC) helped to reduce the glut in global crude supply, which had accentuated the sharp price decline of recent years. As a result, oil prices rallied and attained some level of stability in the period under review. Brent crude traded at $78.89/barrel at the end of the third quarter from $69.08/barrel in January 2018.

The momentum, however, faded due to strong U.S. resistance to a high oil price regime, and caused the benchmark Brent crude price to dip below $60/barrel at the beginning of 2019. The price rally was halted in collusion with Saudi Arabia, the most influential OPEC member, whose leadership was under tremendous political pressure. It is expected that other member countries of OPEC will attempt to forge a common front to rescue and stabilise their economies, but economic headwinds and price volatility should not be discounted.

With favourable oil prices and relative peace in the Niger Delta region, Nigeria's economy continued its slow but steady recovery in the aftermath of the last recession. The economy regained some lost momentum in the third quarter after growth had fallen to a one-year low of 1.5% in the second quarter. According to data released by the National Bureau of Statistics (NBS), annual GDP expanded to 1.8% in Q3, though still below market expectations of a stronger pick-up of around 2.0%.

While the acceleration was relatively broad-based, with moderate contributions from both the non-oil and oil sectors of the economy, the post-recession convalescing process was bolstered by improved global crude price in the early part of the year. During the oil rebound, Nigeria's external reserves rose from $40.1billion in January 2018 to $43.9 billion at the close of the third quarter. It peaked at $47.79 billion by July 2018 before declining to $43.29 billion as at December 2018. Although the crude oil price of $69.08/barrel at the beginning of the year was far in excess of the budget benchmark of $47/barrel, the subsequent slump underlined the inherent challenges of an oil-dependent economy..

Regrettably, the nascent economic recovery has not translated into discernible and sustained improvement in the quality of life of the average Nigerian. Inflation remained in the double digits at 11.28% in the fourth quarter, while the consumer price index reached an all-time high of 272.60 in November 2018. Ostensibly, the attendant rise in commodity food prices incapacitated many Nigerians, with the national poverty index worsening.

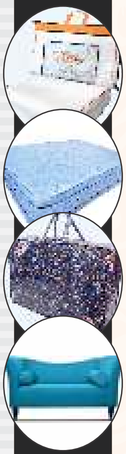
Although the relative stability in the naira to dollar exchange rate at N360/USD during the year provided the requisite stimulus for growth, particularly in the manufacturing sector of the economy, analysts portrayed the CBN's cautious monetary stance as being dogmatic and lacking in creativity. Excessive reliance on monetary policy as a tool for managing exchange rate stability may be unsustainable thus demanding a more balanced strategy in the quest for economic development. The Federal Government needs to expedite growth initiatives in the non-oil sector of the economy, particularly agriculture and solid minerals development, in order to enhance the nation's export earnings potential. If sustained, these efforts could strengthen the local currency and provide the needed buffer against external shocks and volatile oil markets.

The roll-out of liberal economic policies, through the signing of Executive Orders and the enunciation of the Economic Recovery and Growth Plan, have been highly commendable. Conceived to eliminate red tape and debottleneck in business activities, insecurity however remains a major concern that threatens to undermine confidence in Nigeria as an attractive investment destination. The incessant herdsmen-farmers clashes across the country, especially in Adamawa, Benue, Taraba and Plateau States, left our land streaked with tears and blood. A recent report released by Amnesty International (AI) estimated total lives lost in the skirmishes at 3,641 in the past three years, with 57% of the deaths recorded in 2018.

While the Federal Government has questioned the accuracy of AI's data, the trail of devastation left behind in the affected areas is undisputed. In the face of such mayhem, government's apparent helplessness, as demonstrated by the ineffective response of security agencies, has been extremely disconcerting. Beyond the loss of innocent lives and the displacement of families and whole communities, the negative impact on farming and other commercial activities can only be imagined. The needless bloodletting and resultant state of insecurity must stop before Nigeria can attract investments that will create the desired prosperity for our people. For instance, the business activities of Vitafoam's field sales executives have been severely constrained in these areas, resulting in significant revenue loss.

As the countdown to the 2019 general elections began, the adverse effect on the nation's economy became evident with the attendant focus on political campaigning while the economy took a backseat. The dust generated by multitudes of party primaries and waves of cross-carpeting may well be a pointer to what to expect during and after the elections. The refusal of the President to sign the Electoral Act (Amendment) Bill, 2018 into law a few months before the general election has further heightened tensions.

In this atmosphere, the net outflow from the economy has been estimated at about N605.54billion thus dragging down the stock market, as foreign portfolio investors maintained a cautious outlook. This has also led to dwindling foreign reserves, as the government sought to stabilise the foreign exchange market. The situation was worsened by interest rate hikes in advanced economies, especially by the U.S. Federal Reserve, the country's central bank. This left investors in the domestic stock market bemoaning their losses as equities had declined by N2.3trillion as at the end of the calendar year.



On a positive note, despite perceived inconsistencies in the government's anti-graft campaign, the Federal Government must be lauded for its resilience in the fight against corruption. The arraignment of top government officials for corrupt practices, including the successful prosecution and conviction of some former State Governors, demonstrated government's tenacity. This should serve as a warning signal to those inclined to misappropriate public funds.

BUSINESS PERFORMANCE

The Company's turnover increased from N15.92billion in 2017 to N17.61billion in 2018. Profit before tax grew from N290.28million in 2017 to N619.23million in the 2018 financial year while profit after tax also improved to N486.10million from N190.54million in 2017. The boost in both turnover and profitability reflected the robustness and fundamental strength of our business. Following the economic downturn of recent years, the Company took the strategic decision to re-engineer the entire business with special focus on products quality and innovation, market differentiation, customer service and consumer education. These efforts underscored our long-term priorities of growing revenue, controlling operating costs, and driving higher gross margins. I am pleased to report that we made great strides in cost containment and sustained positive trends in gross margins.

The appreciable improvement in the top line was reflective of our superior offerings and industry leadership. In the financial year, the Company recorded success in expanding its products bouquets, with the introduction of innovative products that meet consumers' quest for style and comfort. With customer satisfaction as our mantra, we intend to expand the frontiers of growth in the coming years.

DIVIDEND

In view of the above performance, the Board has decided to propose a dividend of N260.51million, translating to 25kobo per ordinary share subject to approval and deduction of withholding tax. The Board is also proposing a bonus issue of one (1) new share for five (5) units already held. The dividend payout and bonus shares are proposed to reward our esteemed shareholders for their unwavering support and commitment to the cause of the Company.

BOARD OF DIRECTORS

In a bid to strengthen the Board since the last Annual General Meeting, two Executive Directors were appointed in key areas of the business, namely Messrs Joseph Alegbesogie and Bamidele Owoade. The bio-data of the new directors are on pages 9 &10 of this report. On your behalf, I wish the two Executive Directors great success in the years ahead.

THE GROUP

Across the group, our operations continue to show great promise and prospects. The soft furnishing subsidiary, Vitablom Nigeria Limited, took a giant stride forward with the installation of a fibre sheet processing line and the commencement of fibre sheet production in the last quarter of the financial year. This new line is expected to contribute massively to the overall performance of Vitablom in the future. It is gratifying to mention that Vitablom has consistently posted profits since its inception. This impressive trend is expected to continue in the next period, with the injection of the recently approved Bank of Industry loan of N208million into the business.

Our insulation production arm, Vitapur Nigeria Limited, sustained a trend of profitability in the financial year. We are intent on harnessing the potentials of this business despite unfavourable government policies that encourage the importation of insulation panels. I am proud to inform you that,quality-wise, Vitapur's arrays of insulation panels compete favourably with imported variants. The Systems House segment has been fully commercialised with the company now producing prepolymer used by Vitafoam and other foam manufacturing companies towards the actualisation of our backward integration strategy. Vitapur posted profit for the second year running in the last financial year, and is well-positioned to leverage its pioneer status for improved profitability.

Vono Furniture Products Limited has stabilised and is fast becoming the preferred destination for meeting the wood and metal furniture demands of government and private institutions. During the year, conscious efforts were made to improve the operations of the company in terms of products innovation and offerings to achieve a competitive edge in the furniture industry. Towards this end, new equipment and facilities were acquired to enhance the finishing and overall quality of our products. These efforts are expected to yield positive results with the diversity of aesthetically designed products emerging from this operation.

Vitavisco Nigeria Limited also continued to grow its revenue and profits. During the period under review, far-reaching steps were taken to expand the market and operations of the company by way of product line extensions in the memory and latex pillow category. The company has extended its molded foam offerings to office chair manufacturing and started providing expanded polyethylene foam pipes as a finishing item in mattress production. A new plant for producing expanded polyethylene sheet for the construction, furniture, and packaging industries will soon be acquired. The company is set to play a key role in the automotive industry as soon as the government begins the implementation of its local content policy for the sector.

Distinguished Ladies and Gentlemen, I feel gratified to inform you that the newly established filter manufacturing subsidiary, Vitaparts Nigeria Limited, has overcome its incipient set-up challenges and is expected to commence operations by the second quarter. Component parts of the machinery are already on site awaiting the delivery of complimentary parts before installation can commence. A preliminary market study revealed that this investment will be a huge success barring unforeseen circumstances.

Fellow Shareholders, concerted efforts are being undertaken to turn around the fortunes of our foreign subsidiaries and to reduce the impact of cross-border volatilities on the parent Company. Near term, we shall begin to see the positive outcome of these efforts. I would like to assure you that the Board of your Company will not relent in ensuring that value is preserved in the overall interest of all our stakeholders.

VITAFOAM SIERRA LEONE LIMITED

During the financial year, the Board of Directors of Vitafoam Nigeria Plc took a strategic decision to exit Sierra Leone, in view of the persistent challenges. Whilst gross margins were attractive, the market size remained a challenge. Efforts to extend trading across the country's borders to neighbouring African countries did not yield the desired revenue volume. In the circumstance, the investment was subjected to an impairment test, due to its negative total assets status. The test revealed our investment to be impaired (the fair value being less than the carrying amount) to the tune of N349 million. This impairment loss has been recognised in the financial statements while

the assets have been put up for sale. However, prior to receiving and evaluating offers from interested buyers, and to keep the assets in good order, the business will continue to engage in trading activities and skeletal manufacturing. In the meantime, we are hopeful that the situation will improve.

FUTURE OUTLOOK

Broadly, global economic growth forecast for 2019 stands at 3.5%, down from 3.8% in 2018, due to a deceleration in the U.S. and further softening in China. The shift in growth expectations is largely attributed to U.S.-China trade tensions and a sell-off in global equities. Furthermore, by raising interest rates to avert overheating in the U.S. economy, the U.S. Federal Reserve is constraining the policy options in emerging market economies.

With this backdrop, oil analysts predict an uncertain demand outlook due to a slowing global economy, upward price pressure from OPEC production cuts, and downward pressure from U.S. shale production. On the margins, recovery in output from Nigeria and Libya, following a period of unrest, could contribute to a potential glut in the oil market.

Medium term, the IMF forecasts that the Nigerian population will grow faster than the growth in GDP. Hence, the expansion in the country's economy will be inadequate to raise the standard of living of most Nigerians. Consequently, the toughest challenge facing the next administration will be the implementation of growth-enhancing policies that can lift millions of Nigerians out of poverty. Hopefully, the successful conduct of the 2019 general elections and improvement in public security will rekindle investment confidence and help to restore stability to the economy.

In spite of the anticipated uncertainties in the business environment, I am hopeful that the present growth momentum of our business will be sustained across the group. We will continue to champion investment in people, processes and technology in a bid to grow revenue and consolidate the strategic transformation of our Company.

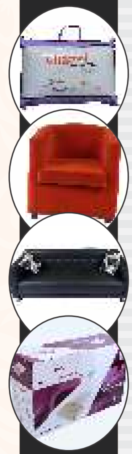
CONCLUSION

In closing, Distinguished Ladies and Gentlemen, I would like to express my profound gratitude to all our employees across the group for remaining focused and dedicated to the success and growth of our business. I would also like to thank all our trade partners and bankers for their invaluable support over the years. The goodwill from all our trade partners contributed significantly to the outstanding performance achieved in the last financial year. Lastly, I thank my fellow directors for providing selfless and inspirational leadership, and our dear shareholders for their steadfast support.

Thank you all for your attention.

B. O. Makanjuola
Chairman

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 the general mandate of Shareholders under item no.8 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 page 91of 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 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;

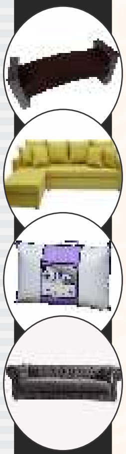
4. The rationale for the transactions are that they are cost-effective and complementary to the company's business and generally necessary to the operations of the company;

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

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 2018.

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 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 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, and Vita Hospital Mattress.

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 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. Activities in this segment are championed by our soft furnishing subsidiary-Vitablom Nigeria Limited

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 a number of industries listed below. The following are some of the products offerings:

- Agriculture: Rigid foam 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

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 materialize in the current financial year baring unforeseen circumstances 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.

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 2018 financial year as envisaged due to certain set up challenges but is expected to open for business by third quarter of 2019 financial year.

2. TRADING RESULTS

The financial results for the year ended 30th September 2018 are summarized below:

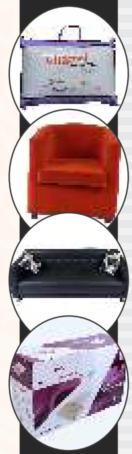
	GROUP		COMPANY	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Turnover	19,534,101	17,695,820	17,612,291	15,921,022
Profit before taxation	793,852	18,133	619,233	290,280
Taxation	(191,929)	(145,823)	(133,113)	(99,740)
Profit/(loss) after taxation	601,923	(127,690)	486,120	190,540
Non-controlling interest	11,691	24,270	-	-
Total comprehensive income/(loss)	673,893	(18,570)	516,144	289,038
Basic earnings (loss per (kobo)	57	(15)	47	18
Dividend per share (kobo)	15	12	15	12

3. DIVIDEND

The Board has recommended a dividend of N260.51million representing 25kobo 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 N293.28million (group) and N59.26million (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.

Market expansion was a major strategic drive during the financial year under review, as proximity to purchase was a critical success factor for our business. The plan is to locate new outlets in every major road in Lagos as well as other regions. Our mattresses were upgraded, with the introduction of branded border tapes to minimize counterfeiting and enhance aesthetic value to the delight of our customers and consumers.

Customer service experience is a journey we are willing to travel in order to serve our customers and consumers better. Our drive to grow the youth market through marketing communications on social medial channels was vigorously sustained. All of these have enabled us to respond faster, providing tailor-made products (such Sofa bed and Music pillows) and services that meet expectation. Also, we have expanded our customer base to reach out to the middle and upper class with the introduction of Vitapearl pillow and Jumbo mat into the Luxury brands.

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 2018:

S/N.	BENEFICIARIES	AMOUNT
1	Manufacturer Association of Nigeria	200,000.00
2	Third Observer Ltd.	100,000.00
3	University of Lagos	13,914,895.00
4	Nigeria Society of Engineers	100,000.00
5	Science Association of Nigeria	150,000.00
6	Ophanage Homes	2,560,441.26
7	Polymer Institute of Nigeria	450,000.00
8	National Orthopaedic Hospital	166,950.00
9	Employees Support	998,563.86
10	Others	808,149.39
	TOTAL	**19,448,999.51**

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 dependents.

c) Employee Involvement

In pursuit of our employee involvement 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 pivotal to 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. In our continuous quest to strengthen the human capital base for future growth and succession, we undertook the second phase of our management trainee recruitment scheme. This rigorous selection process enables us to continually attract talents. The successful candidates have concluded on-boarding and commenced the mentoring and training stages.

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, 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 Nomination and Governance Committee is assigned 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 2017/2018 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	19/12/17	8/03/18	24/05/18	6/09/18
Dr. B. O. Makanjuola	✓	✓	✓	✓
Mr. T. A. Adeniyi	✓	✓	✓	✓
Mr. A. M. Abacha	✓	✓	✓	✓
Mrs. A. Adewakun	X	✓	✓	✓
Mr. Sam N. Okagbue	✓	✓	✓	✓
Mr. Mohammed G. Alkali	✓	✓	✓	✓
Prof. (Mrs.) R. I. Egonmwan	✓	✓	✓	✓
Mr. Gerson P. Silva	✓	✓	✓	✓
Mr. J. Alegbesogie	NYA	NYA	NYA	NYA
Mr. B. S. Owoade	NYA	NYA	NYA	NYA

Keys

✓ = **Present**

X = Absent with apology **NYA = Not yet appointed**

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 donate 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 students of tertiary institutions on Industrial Attachment (under the SIWES scheme) and Youth corps members. Almost the year round, students on attachment and Youth corps members (average about 40 persons) are offered opportunities to undergo well supervised training that promote acquisition of various management/technical skills on our operational sites. Our facilities have also become destination point for students of various schools and institutions on excursion and practical learning activities. In demonstration of our support for initiatives aimed at encouraging research in the field of Science & Technology, the company donated a well equipped Polyurethane laboratory to the University of Lagos during the financial year complemented by training and public lecture on polyurthane. We also entered into a collaborative arrangement with the Nigerian Academy of Science to sponsor round-table discourse and award for excellence in Science during the financial year.

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 conduct our operations in accordance 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 ten Directors: Six Non-Executive and four Executive Directors The profile of the Board of Directors, comprising distinguished individuals with diverse skills and competencies 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.

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 Mr. Mohammed. G. Alkali and met thrice during the year. The table below shows the list and attendance of members at the meetings:

DIRECTORS	29/01/18	25/04/18	25/07/18
Mr. Mohammed G. Alkali	✓	✓	✓
Mr. T. A. Adeniyi	✓	✓	✓
Mr. A. M. Abacha	X	✓	✓
Mrs. A. Adewakun	✓	✓	✓

Keys
✓ = Present
X = Absent with Apology

B. Establishment & Remuneration Committee

At the time of this report, the Committee comprised two 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	12/10/2017
Mr. Sam N. Okagbue	✓
Mr. T. A. Adeniyi	✓
Mrs. A. Adewakun	✓

Key
✓ = Present

C. Nomination & Governance Committee

At the date of this report, the Committee comprised two 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	13/09/2018
Dr. Bamidele O. Makanjuola	✓
Mr. Sam N. Okagbue	✓
Mr. T. A. Adeniyi	✓

Key
✓ = 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 & Touché Nigeria, the External Auditors. The following is a list of members of the Committee and their attendance at the meetings:

COMMITTEE MEMBERS	25/04/18	25/07/18	17/12/18	29/01/19
Chief Peter K. Asu	✓	✓	✓	✓
Mr. S. B. Adenrele	✓	✓	✓	✓
Rev. Elushade Ibiyinka	✓	X	✓	✓
Mr. Abbagana M. Abacha	✓	✓	✓	✓
Mr. Mohammed G. Alkali	✓	✓	✓	✓
Prof. (Mrs) R. Egonmwan	✓	✓	✓	X

Keys
✓ = Present
X = Absent with Apology

Management

The daily running of the business is vested in the Executive Management Committee led by the Managing Director, supported by the 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 2017/2018 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.

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The Securities & Exchange Commission took some measures that are expected to significantly reduce cost of operation including discontinuance 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 with their respective banks and send to Meristem Registrars Limited In line with the directive of the Securities & Exchange Commission. 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, CAPC20, 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.

DIRECTORS	As at 30/09/2018 No. of shares	As at 30/09/2017 No. of shares
Dr. B. O. Makanjuola (Direct) (Indirect)	2,977,565 13,946	2,559,272 13,946
Mr. T. A. Adeniyi	560,000	500,000
Mrs. Adeola Adewakun	120,000	120,000
Mr. Sam N. Okagbue	Nil	Nil
Mr. A. M. Abacha	Nil	Nil
Prof. (Mrs.) R. I. Egonmwan	Nil	Nil
Mr. Mohammed G. Alkali	Nil	Nil
Mr. Gerson P. Silva	Nil	Nil
Mr. J. Alegbeogie	Nil	Nil
Mr. B. S. Owoade	Nil	Nil

12. DIRECTORS INTEREST IN CONTRACTS

None of the Directors have notified the company for the purpose of sections 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 3rd December, 2018

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, 2018

SHAREHOLDERS	UNITS HELD	PERCENTAGE
Bolarinde Samuel Olaniyi	123,777,195	11.87 %
Awhua Resources Limited	81,901,651	7.86 %

b) The shares of the Company were held as follows as at 30th September, 2018

Type	Shareholding	%	Shareholders	%
Corporate	388,725,554	37,29	1549	3.82
Staff	179,794,850	17.25	481	1.19
Individuals	473,849,649	45.46	38567	94.99
Total	1,042,370,053	100	40,597	100

c) The range analysis of the shareholding as at 30th September, 2018 is as below:

Range	No. of Holders	% of Holders	Units	Shareholding %
1 - 5,000	28,223	69.52%	37,056,554	3.56%
5,001 - 10,000	4,941	12.17%	35,381,134	3.39%
10,001 - 100,000	6,520	16.06%	174,583,811	16.75%
100,001 - 500,000	717	1.77%	144,389,309	13.85%
500,001 - 1,000,000	102	0.25%	71,000,568	6.81%
1,000,001 - 100,000,000	93	0.23%	456,181,482	43.76%
100,000,001 - 500,000,000	1	0.00%	123,777,195	11.87%

14. ACQUISITION OF SHARES

The Company did not purchase any of its own shares during the 2017/2018 financial year.

15. CODE OF CONDUCT FOR DEALING IN SECURITIES

The Company's policy on code of conduct prohibits 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 further 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.ng.com

16. CODE OF BUSINESS ETHICS AND WHISTLE BLOWING POLICY

The Company code of business ethics and Whistle blowing policy set a standard of ethical behaviour in the workplace for all employees. 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. The company maintains a steady awareness of these values by continuous training and publicity of the contents of the code to its employees. Details are available on the Company's website- www.vitafoamng.com

17. COMPLAINTS POLICY

This policy regulates and prescribes procedure for handling Shareholders' complaints by the Secretariat and the Registrars. Details are available on the Company's website-www.vitafoamng.com

18. RETIREMENT BY ROTATION

The Directors retiring by rotation in accordance with the company's Articles of Association are Prof. (Mrs) Rosemary Egonmwan and Mr. Mohammed G. Alkali being eligible, offer themselves for re-election. The bio-data of the retiring directors are contained on pages 9 & 10 of this Annual Report.

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/2013/NBA/00000005309

18 December, 2018

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 30 SEPTEMBER, 2018

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, 2018.
- 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, 2018 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, 2018 were adequate and management's response to Auditors' findings thereon was satisfactory.

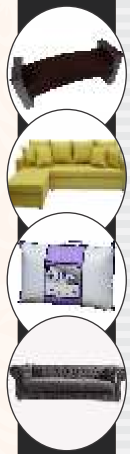
Dated this 17 December, 2018

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

Other Members of the Committee are:

Rev. I. O. Elushade
Comrade S. B. Adenrele
Mr. M. G. Alkali
Prof. (Mrs.) R. I. Egonmwan
Mr. A. M. Abatcha

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



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 2018, 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 years ahead.

The consolidated and separate financial statements of the Group and Company for the year ended 30 September 2018 were approved by the directors on 18 December, 2018.

Signed on behalf of the Directors of the Group:

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

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

Deloitte.

Independent Auditor's report

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Vitafoam Nigeria Plc ("the Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated and separate statement of financial position as at 30 September 2018, the consolidated and separate statements of profit or loss and other 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 Plc as at 30 September 2018 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.

Key Audit Matter

During the year, the Directors resolved to dispose the Company's subsidiary in Sierra Leone. Consequently the investment in that subsidiary was reclassified and disclosed as held for sale in line with International Financial Reporting Standards (IFRS) 5.

To ensure the carrying amount of the investment did not exceed the recoverable amount, the Directors carried out impairment assessment on the investment. This resulted in an impairment loss of N349 million which has been recognized in these financial statements.

Details of this matter have been disclosed in note 40 of these financial statements.

How the matter was addressed in the audit

In evaluating the appropriateness of the Directors' decision to disclose the investment as held for sale, and the related impairment, we performed the following procedures:

- Obtained and reviewed the Directors rationale for the classification of the investment as Held for sale to ensure compliance with the requirements of International Financial Reporting Standards (IFRS) 5.
- Challenged the assumption made by the Directors in determining the fair value of the assets of Vitafoam Sierra Leone to ensure appropriateness.
- Obtained and reviewed the Directors estimation of the impairment loss.

- Obtained and reviewed supporting documentation and other evidence provided to support the

- Directors' position with regards to classification of the assets of the Company as held for sale and estimation of the impairment loss.

The Judgement and assumptions made by the Directors for classification of the assets of the subsidiary as held for sale and the asset impairment loss were found to be appropriate.

Other 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 thereon.

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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
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 and separate 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.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements
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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

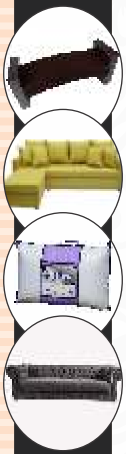
- We also provide the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related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

I) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) 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, FCA - FRC/2013/ICAN/00000001364
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
December 2018



CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
	Note(s)	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Revenue	6	19,534,101	17,695,820	17,612,291	15,921,022
Cost of sales	8	(13,677,859)	(12,606,017)	(12,786,289)	(11,794,251)
Gross profit		**5,856,242**	**5,089,803**	**4,826,002**	**4,126,771**
Other gains and losses	7	547,803	283,565	558,612	260,041
Administrative expenses	9	(3,517,755)	(3,313,391)	(2,560,234)	(2,295,970)
Distribution costs	10	(794,192)	(726,182)	(747,579)	(686,519)
Operating profit		**2,092,098**	**1,333,795**	**2,076,801**	**1,404,323**
Impairment on investment in Sierra Leone	40	-	-	(348,697)	-
Finance income	12	79,186	61,152	75,793	61,152
Finance costs	11	(1,377,432)	(1,376,814)	(1,184,664)	(1,175,195)
Profit before taxation		**793,852**	**18,133**	**619,233**	**290,280**
Taxation	13	(191,929)	(145,823)	(133,113)	(99,740)
Profit / (loss) for the year		**601,923**	**(127,690)**	**486,120**	**190,540**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset	41	30,024	98,498	30,024	98,498
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	41	41,946	10,622	-	-
Other comprehensive income for the year net of taxation		**71,970**	**109,120**	**30,024**	**98,498**
Total comprehensive income / (loss) for the year		**673,893**	**(18,570)**	**516,144**	**289,038**
Profit\(loss) attributable to :					
Owners of the parent		590,232	(151,960)	486,120	190,540
Non-controlling interest		11,691	24,270	-	-
		601,923	**(127,690)**	**486,120**	**190,540**
Total comprehensive income (loss) attributable to:					
Owners of the parent		662,202	(42,840)	516,144	289,038
Non-controlling interest		11,691	24,270	-	-
		673,893	**(18,570)**	**516,144**	**289,038**
Earnings per share					
Basic earnings /(loss) per share (kobo)	30	57.00	(15.00)	47.00	18.00

The notes on pages 43 to 98 form an integral part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER, 2018

		Group		Company	
	Note(s)	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Assets					
Non-Current Assets					
Property, plant and equipment	15	2,583,774	3,505,892	2,160,974	2,286,109
Intangible assets	16	37,221	47,166	34,221	45,003
Investment property	17	321,968	339,131	321,968	339,131
Investments in subsidiaries	39	-	-	388,565	886,609
Available for-sale financial assets	18	17,768	17,768	17,768	17,768
		2,960,731	**3,909,957**	**2,923,496**	**3,574,620**
Current Assets					
Inventories	19	5,552,092	5,133,285	4,539,794	3,933,630
Trade and other receivables	20	1,392,685	1,501,277	3,229,442	3,125,248
Other assets	21	2,212,532	652,581	1,712,303	372,353
Cash and cash equivalents	22	965,721	516,507	893,223	398,589
		10,123,030	**7,803,650**	**10,374,762**	**7,829,820**
Non-current assets held for sale	40	2,952,196	1,697,065	1,858,469	1,570,043
Total Assets		**16,035,957**	**13,410,672**	**15,156,727**	**12,974,483**
Equity and Liabilities					
Equity					
Share Capital	28	521,035	521,035	521,035	521,035
Share premium	28	3	3	3	3
Reserves		470,237	428,291	450,370	450,370
Retained earnings		2,851,081	2,387,180	3,851,586	3,491,798
		3,842,356	**3,336,509**	**4,822,994**	**4,463,206**
Non-controlling interest		40,351	37,089	-	-
		3,882,707	**3,373,598**	**4,822,994**	**4,463,206**
Liabilities					
Non-Current Liabilities					
Borrowings	23	1,871,403	766,448	1,658,804	147,839
Deferred tax	25	362,334	392,504	412,772	457,647
Retirement benefit obligation	26	297,037	283,777	297,037	283,777
Deferred income	24	80,762	-	80,762	-
		2,611,536	**1,442,729**	**2,449,375**	**889,263**
Current Liabilities					
Current tax payable	14	345,751	329,584	272,252	256,692
Trade and other payables	27	2,860,701	3,112,373	2,208,997	2,550,743
Borrowings	23	5,546,574	5,145,273	5,360,158	4,807,464
Deferred income	24	42,951	7,115	42,951	7,115
		8,795,977	**8,594,345**	**7,884,358**	**7,622,014**
Liabilities of disposal groups	40	745,737	-	-	-
Total Liabilities		**12,153,250**	**10,037,074**	**10,333,733**	**8,511,277**
Total Equity and Liabilities		**16,035,957**	**13,410,672**	**15,156,727**	**12,974,483**

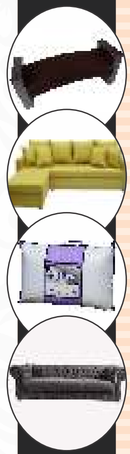
The consolidated and separate financial statements were approved by the board on 18th December, 2018 and were signed on its behalf by:

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

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

Finance Director
Mr. Joseph Alegbesogie FCA,
FRC/2013/ICAN/00000003728

The notes on pages 43 to 98 form an integral part of the consolidated and separate financial statements



CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Foreign currency translation reserve	Other reserves (Restated)	Fair value adjustment assets-available-for-sale reserve	Retained earnings	Total attributable to equityholders of the group / company	Non-controlling interest	Total equity
	N. '000	N. '000	N. '000	N. '000	N. '000	N. '000	N. '000	N. '000	N. '000
Group									
Balance 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)**
* Changes in value of non-controlling interest	-	-	-	-	-	-	-	102,100	102,100
Dividends	-	-	-	-	-	(125,084)	(125,084)	(17,336)	(142,420)
Balance as at 1 October, 2017	**521,035**	**3**	**72,321**	**393,018**	**(37,048)**	**2,387,180**	**3,336,509**	**37,089**	**3,373,598**
Profit for the year	-	-				590,232	590,232	11,691	601,923
Other comprehensive income (Note 41)	-	-	41,946	-	-	30,024	71,970	-	71,970
Total comprehensive income for the year	**-**	**-**	**41,946**	**-**	**-**	**620,256**	**662,202**	**11,691**	**673,893**
Change in non controlling interest	-	-	-	-	-	-	-	8,000	8,000
Dividends	-	-	-	-	-	(156,355)	(156,355)	(16,429)	(172,784)
Balance at 30 September, 2018	**521,035**	**3**	**114,267**	**393,018**	**(37,048)**	**2,851,081**	**3,842,356**	**40,351**	**3,882,707**

The notes on pages 43 to 98 form an integral part of the consolidated and separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Available-for-sale reserve	Retained earnings	Total equity
	N. '000	N. '000	N. '000	N. '000	N. '000	N. '000
Company						
Balance as at October 1, 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 as at 1 October, 2017	**521,035**	**3**	**487,418**	**(37,048)**	**3,491,798**	**4,463,206**
Profit for 9 months	-	-	-	-	486,120	486,120
Other comprehensive income (Note 41)	-	-	-	-	30,024	30,024
Total comprehensive income for the year	-	-	-	-	**516,144**	**516,144**
Dividends	-	-	-	-	(156,356)	(156,356)
Balance at 30 September, 2018	**521,035**	**3**	**487,418**	**(37,048)**	**3,851,586**	**4,822,994**

The notes on pages 43 to 98 form an integral part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

		Group		Company	
	Note(s)	N. '000	N. '000	N. '000	N. '000
Cash flows from operating activities					
Cash (used in) generated from operations	32	194,048	2,498,813	8,747	2,215,188
Tax paid	14	(220,579)	(138,262)	(176,557)	(124,720)
Net cash (used in)/provided by operating activities		**(26,531)**	**2,360,551**	**(167,810)**	**2,090,468**
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(293,279)	(114,232)	(59,259)	(68,607)
Proceeds from sale of property, plant and equipment		66,800	7,745	62,288	6,586
Purchase of investment in subsidiary		-	-	(142,482)	(50,703)
Proceed from sale of asset held for sale		10,192	-	10,192	-
Purchase of other intangible assets	16	(6,727)	(13,367)	(6,727)	(10,483)
Finance income	12	79,186	61,152	75,793	61,152
Net cash used in investing activities		**(143,828)**	**(58,702)**	**(60,195)**	**(62,055)**
Cash flows from financing activities					
Proceeds from other financial liabilities	23	6,119,129	9,918,334	4,290,614	9,918,334
Repayment of other financial liabilities	23	(2,918,151)	(10,907,373)	(1,436,883)	(10,543,358)
Dividends paid	31	(172,784)	(125,084)	(156,356)	(125,084)
Finance costs	11	(1,377,432)	(1,376,814)	(1,184,664)	(1,175,195)
Net cash produced by / (used in) financing activities		**1,650,762**	**(2,490,937)**	**1,512,711**	**(1,925,303)**
Total movement for cash & cash equivalent for the year		**1,480,403**	**(189,088)**	**1,284,706**	**103,110**
Cash and cash equivalent at the beginning of the year		(1,559,837)	(1,370,749)	(1,363,130)	(1,466,240)
Cash and cash equivalent at the end of the year	22	**(79,434)**	**(1,559,837)**	**(78,424)**	**(1,363,130)**

The notes on pages 43 to 98 form an integral part of the consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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. Separate 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 consolidated and separate financial statements were authorised for issue by the Board of Directors on 19 December, 2018

1.2 Basis of measurement and preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective for the year ended 30 September 2018.

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

Vitafoam Sierra Leone Limited

Vitapur Nigeria Limited

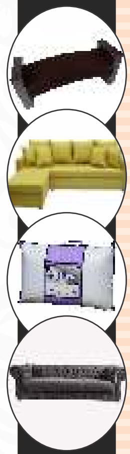
Vitablom Nigeria Limited

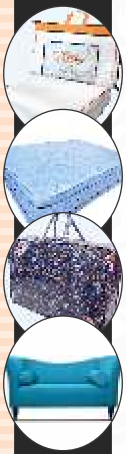
Vitavisco Nigeria Limited

Vono Furnitures Products Limited

Vitagreen Nigeria Limited

Vitaparts Nigeria Limited





The Group applies the acquisition method to account for business combination. 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, 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 remeasurement 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 remeasured, 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 amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are 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 and separate 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.

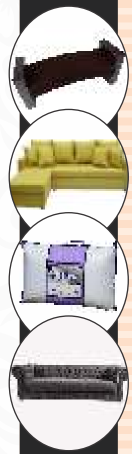
1.10 Inventories

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 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 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.

Impairment of financial assets

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

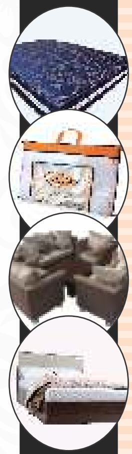
2. National or local economic conditions that correlate with defaults on the assets in the portfolio.

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, Inter company 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.

b) 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.

c) 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

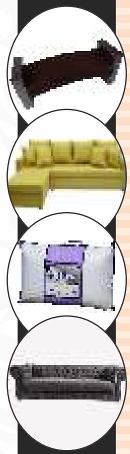
The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income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

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 infull 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.

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 longterm 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 Non-current assets held for sale (and) (disposal groups)

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

When a Group is committed to sale plan involving disposal of an investment in subsidiary or associate, such investment will be classified as held for sale when the criteria described above are met.

1.26 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.

1.27 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 circumstance.

Critical accounting estimates and assumptions

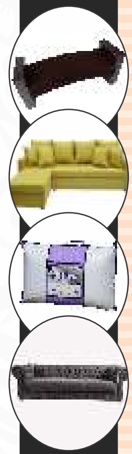
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities 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 testings. 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

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.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities.

Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The group has adopted the amendment for the first time in the 2018 consolidated and separate financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the group:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the group will have sufficient taxable profit in future periods. The group is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The group has adopted the amendment for the first time in the 2018 consolidated and separate financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

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

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty.

Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 01 January 2019.

The group expects to adopt the interpretation for the first time in the 2020 consolidated and separate financial statements.

It is unlikely that the interpretation will have a material impact on the group's consolidated and separate financial statements.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for

reassessments or modifications.

- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.

- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-ofuse asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16

- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds.

IFRS 16 Lease (contd)

The buyer-lessor recognises a financial asset equal to the transfer proceeds.
The effective date of the standard is for years beginning on or after 01 January 2019.

The group expects to adopt the standard for the first time in the 2020 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.

Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle

An entity such as a venture capital organisation, mutual fund or similar institution may elect to measure investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 rather than by applying the equity method. The amendment to IAS 28 Investments in Associates and Joint Ventures now specifies that the election must be made separately per associate or joint venture and at the time of initial recognition of such investment.

Further, if an entity is not an investment entity, but has interests in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement of the associate or joint venture. The amendment now provides that such election must be made separately for each investment entity associate or joint venture.

The effective date of the amendment is for years beginning on or after 01 January 2018.

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

Foreign Currency Transactions and Advance Consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after 01 January 2018.

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

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

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 assets, 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 01 January 2018.

The group expects to adopt the standard for the first time in the 2019 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.

IFRS15 Revenue from contract with customers (contd)

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:

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

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 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.

The aggregate impact of the initial application of the statements and interpretations on the group's consolidated and separate financial statements is expected to be as follows:

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.

3. Financial risk management (contd)

Balance as at 30 September	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
US Dollars 10% increase	(162,820)	(25,996)	(162,820)	(25,996)
US Dollars 10% decrease	162,820	25,996	162,820	25,996

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:

Balance as at 30 September	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
10% increase in interest rate	137,445	137,315	118,410	73,136
10% decrease in interest rate	(137,445)	(137,315)	(118,410)	(73,136)

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.

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 Vitashop, distributors and all its key distributors such that one percent of the revenue from these distributors are credited to their security accounts as a form of collateral in the event of default.

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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.

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

Group

Balance as at 30 September 2018
Financial assets

	Neither past due nor impaired	90-120days	Above 120 days	Total
	N'000	N'000	N'000	N'000
Cash and bank balances	965,721	-	-	965,721
Trade receivables (Net)	1,138,550	-	454,379	1,592,929
Staff advances	19,800	-	-	19,800
Other receivables	234,335	-	-	234,335
	2,358,406	**-**	**454,379**	**2,812,785**

Balance as at 30 September 2017
Financial assets

	Neither past due nor impaired	90-120days	Above 120 days	Total
	N'000	N'000	N'000	N'000
Cash and bank balances	516,507			516,507
Trade receivables (Net)	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**

Company

Balance as at 30 September 2018
Financial assets

	Neither past due nor impaired	90-120days	Above 120 days	Total
	N'000	N'000	N'000	N'000
Cash and bank balances	893,223	-	-	893,223
Trade receivables (Net)	549,238	88,957	221,603	859,798
Receivables from related party companies	2,484,830	-	-	2,484,830
Staff advances	11,903	-	-	11,903
Other receivables	183,471	-	-	183,471
	4,122,665	**88,957**	**221,603**	**4,433,225**

Balnebce as at30 September 2017
Financial assets

	Neither past due nor impaired	90-120days	Above 120 days	Total
	N'000	N'000	N'000	N'000
Cash and bank balances	398,589	-	-	398,589
Trade receivables (Net)	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**

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

Credit risk (contd)

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	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Collateral (Dealer's security account balances)	61,157	33,458	57,077	30,744

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	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Carrying amount before provision(Gross)	454,379	398,495	221,603	175,046
Provisions for impairment loss	(454,379)	(398,495)	(221,603)	(175,046)
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.

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 **Balance as at 30 September 2018** **Financial liabilities**	Within 1 Year	Between 2 years and above	Total
	N'000	N'000	N'000
Trade and other payables	2,860,701	-	2,860,701
Borrowings - Term loans	1,081,423	1,871,403	2,952,826
Borrowings (Bank overdrafts & commercial papers)	4,465,151	-	4,465,151
	8,407,275	**1,871,403**	**10,278,678**

Liquidity risk (contd)

Balance as at 30 September 2017
Financial liabilities

	Within 1 Year	Between 2 years and above	Total
	N'000	N'000	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**

Company
Balance as at 30 September 2018
Financial liabilities

	Within 1 Year	Between 2 years and above	Total
	N'000	N'000	N'000
Trade and other payables	2,208,997	-	2,208,997
Borrowings - Term loans	968,515	1,658,804	2,627,319
Borrowings (Bank overdrafts & commercial papers)	4,391,643	-	4,391,643
	7,569,155	**1,658,804**	**9,227,959**

Balance as at 30 September 2017

Financial liabilities

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

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 2018.

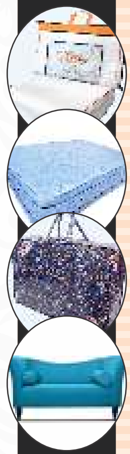
Capital risk management

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:

		Group		Company	
		2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Total borrowings					
Borrowings	23	7,417,977	5,911,721	7,018,962	4,955,303
Less: Cash and bank balances	22	(965,721)	(516,507)	(893,223)	(398,589)
Net debt		**6,452,256**	**5,395,214**	**6,125,739**	**4,556,714**
Total equity		3,882,707	3,373,598	4,822,994	4,463,206
Total capital		**10,334,963**	**8,768,812**	**10,948,733**	**9,019,920**



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.

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 2018 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 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 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 instruments at fair value. No level 3 financial instruments are held by the Group.

5. FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial instruments are categorised as follows:

Balance as at 30 September 2018	Category	Group N'000	Company N'000
Financial assets			
Trade receivables	Loans and receivables	1,138,550	549,238
Other receivables (including staff debtors and related parties receivables)	Loans and receivables	254,135	2,680,204
Cash and bank balances	Loans and receivables	965,721	893,223
Available-for-sale equity instruments	Available for Sale	17,768	17,768
		2,376,174	**4,140,433**
Financial liabilities			
Borrowings (current)	Other liabilities	5,546,574	5,360,158
Trade and other payables	Other liabilities	2,860,701	2,208,997
Borrowings (non-current)	Other liabilities	1,871,403	1,658,804
		10,278,678	**9,227,959**

The Group's financial instruments are categorised as follows:

Balance as at 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 cash equivalents	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			
Borrowings (current)	Other liabilities	5,145,273	4,807,464
Trade and other payables	Other liabilities	3,112,373	2,550,743
Borrowings (non-current)	Other liabilities	766,448	147,839
		9,024,094	**7,506,046**

The Group's financial instruments are categorised as follows:

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

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000

6. REVENUE

Analysis by Geographical area				
Within Nigeria	18,778,435	16,873,789	17,612,291	15,921,022
Outside Nigeria	755,666	822,031	-	-
	19,534,101	**17,695,820**	**17,612,291**	**15,921,022**

7. OTHER GAINS AND LOSSES

Sale of scrap items	84,459	162,947	55,555	127,169
Rental income	2,401	41,963	33,130	41,963
Investment income	49,694	5,953	59,347	18,617
Exchange gain	14,321	-	14,321	-
Profit on disposal of assets	66,374	-	65,705	-
Provision no longer required*	295,607	14,026	295,607	13,616
Actuarial gain or /(loss) on long service award	12	58,676	12	58,676
Government grants	34,935	-	34,935	-
	547,803	**283,565**	**558,612**	**260,041**

7(a) Profit on disposal of assets : It comprises of gain arising from the sale of investment property , assets held for sale and motor vehicle.

7(b) Provision no longer required: This relates to the difference between carrying amount and the established value added tax obiligation through a six years tax audit.

8. COST OF SALES

Sale of goods				
Raw materials and consumables	13,353,399	12,223,081	12,568,754	11,567,817
Labour cost	146,385	167,234	146,385	134,240
Depreciation	178,075	215,702	71,150	92,194
	13,677,859	**12,606,017**	**12,786,289**	**11,794,251**

9. ADMINISTRATIVE EXPENSES

	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 N. '000
The following items are included within administrative expenses:				
AGM, Conferences & award expenses	24,428	32,582	23,465	28,963
Advertising	269,516	134,666	253,345	118,994
Audit fees	31,457	29,762	20,000	20,000
Impairment allowance on trade receivable	129,459	116,142	114,471	49,837
Bank charges	37,148	64,494	29,682	48,475
Cleaning	24,214	19,985	17,476	13,278
Consulting fees	117,871	43,010	90,004	15,498
Professional fee	58,223	28,361	58,223	28,361
Depreciation, amortisation and impairments	202,555	216,351	144,544	154,232
Donations	19,449	6,360	17,469	5,105
Employee costs	1,406,118	1,456,016	1,031,290	1,118,683
Entertainment	19,356	19,619	16,084	15,056
Other admin and general expenses*	83,535	69,036	29,432	7,065
Gratuity Expenses	108,493	104,023	90,270	104,023
Insurance	52,326	43,682	42,697	31,854
Rent and rates	78,476	81,606	30,289	30,978
Fines, levies and penalties	2,911	21,766	800	17,325
Stationery, newspapers and periodicals	24,396	20,701	21,189	15,990
Loss on exchange difference	167,279	232,907	-	21,964
Postage, telecommunication and internet	49,834	48,035	40,463	36,294
Loss on disposal of assets	-	3,579	-	3,579
Protective clothing	5,167	2,709	2,838	2,121
Repairs and maintenance	141,751	131,864	103,103	101,391
Research and development costs**	3,648	13,515	-	6,202
Security	53,202	47,431	39,318	33,808
Subscriptions	26,760	16,390	24,872	15,315
Transport and travelling	134,977	96,488	104,560	69,184
Electricity and other utilities	245,206	212,311	214,350	182,395
	3,517,755	**3,313,391**	**2,560,234**	**2,295,970**

* Other admin and general expenses include the sum of N24.06 million being additional withholding tax and Company Income tax arising from back duty assessment by federal inland revenue services for period of 6 years (2010 - 2015)

** Research and development costs relate to project vitality that resulted in cost reduction and product quality improvement

10. DISTRIBUTION EXPENSES

	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 N. '000
Distribution cost	**794,192**	**726,182**	**747,579**	**686,519**

11. FINANCE COSTS

	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 N. '000
Interest on loans and overdraft	1,240,116	1,164,037	1,047,348	985,892
Other Bank charges	21,270	96,901	21,270	73,427
Interest on defined benefit obligation	116,046	115,876	116,046	115,876
	1,377,432	**1,376,814**	**1,184,664**	**1,175,195**

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
12. FINANCE INCOME				
Interest revenue				
Interest on deposit	3,393	-	-	-
Interest on planned assets	75,793	61,152	75,793	61,152
	79,186	**61,152**	**75,793**	**61,152**
13. TAXATION				
Income tax expense				
Income tax	255,499	176,141	220,747	95,684
Education tax	26,481	19,882	19,192	11,839
Capital gain tax	5,720	-	5,720	-
	287,700	**196,023**	**245,659**	**107,523**
Over provision for prior year	(50,954)	-	(53,542)	-
Deferred tax provision/(write back)	(44,817)	(50,200)	(59,004)	(7,783)
Tax expense	**191,929**	**145,823**	**133,113**	**99,740**

The current tax charge has been computed at the applicable rate of 30% (30 September 2017: 30%) plus education levy of 2% (30 September 2017: 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	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Accounting profit	793,852	18,133	619,233	290,280
Tax at the applicable tax rate of 30% (2017: 30%)	238,156	5,440	185,770	87,084
Tax effect of adjustments on taxable income				
Effect of income exempted from taxation	(23,587)	(4,198)	(23,588)	(4,198)
Effect of non-deductible expenses determining taxable profit	19,257	125,470	914	6,364
Effect of investment charge	(24,897)	(1,768)	(1,352)	(1,349)
Effect of other allowances	-	-	-	-
Effect of deferred tax	-	-	-	-
Effect of education tax	26,481	19,414	19,192	11,839
Effect of balancing charges	201	1,465	-	-
Effect of concession	-	-	-	-
Effect of mimimum tax	4,141	-	-	-
Capital gains	5,719	-	5,719	-
Effect of prior year tax over provision	(53,542)	-	(53,542)	-
	191,929	**145,823**	**133,113**	**99,740**

14. TAX PAYABLE

	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 N. '000
The movement in tax payable/receivable is as follows:				
Balance as at 1 October	329,584	271,823	256,692	273,889
Company income tax	236,746	196,023	192,117	107,523
Payment during the year	(220,579)	(138,262)	(176,557)	(124,720)
Balance as at 30 September	**345,751**	**329,584**	**272,252**	**256,692**

The balance as at 30 September 2018 for group purpose is the net of current tax payable of N365.668 million and current tax receivable N0.121 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 as at 1 October, 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
Reclassification	(17,886)	17,886	(4,479)	5,080	(601)	-
Disposal	-	-	-	(1,342)	(42,353)	(43,695)
Transfer	-	-	150,730	-	-	150,730
Effect of foreign currency exchange differences	-	(139,870)	(22,856)	(2,296)	(3,191)	(168,213)
Balance as at 30 September, 2017	**289,983**	**3,058,829**	**2,351,156**	**362,722**	**482,809**	**6,545,499**
Additions	1,040	4,757	267,703	13,176	6,603	293,279
Disposal	-	-	-	(467)	(15,300)	(15,767)
Transfer to disposal group	-	(818,066)	(132,341)	(11,452)	(20,404)	(982,263)
Reclassification(Note 16)	-	-	-	(2,389)	-	(2,389)
Effect of foreign currency exchange difference	-	(80,805)	(20,005)	(182)	(426)	(101,418)
Balance as at 30 September, 2018	**291,023**	**2,164,715**	**2,466,513**	**361,408**	**453,282**	**5,736,941**

Group	Land N.'000	Building N.'000	Plant and machinery N.'000	Furniture and fixtures N.'000	Motor vehicle N.'000	Total N.'000
Accumulated depreciation						
Balance as at 1 October, 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
Reclassification	-	-	(416)	776	(360)	-
Disposal	-	-	-	(937)	(31,434)	(32,371)
Effect of foreign currency exchange differences	-	(7,839)	(9,328)	(1,492)	(1,877)	(20,536)
Transfer	-	-	27,634	-	-	27,634
Balance as at 30 September, 2017	-	**484,634**	**1,884,234**	**273,671**	**397,068**	**3,039,607**
Charge for the year	-	93,861	178,075	30,482	45,714	348,132
Disposal	-	-	-	(467)	(12,995)	(13,462)
Transfer to disposal group	-	(94,895)	(104,726)	(10,524)	(18,621)	(228,766)
Reclassification(Note16)	-	-	-	(353)	-	(353)
Effect of foreign currency exchange difference	-	(11,184)	20,679	(125)	(1,361)	8,009
Balance as at 30 September, 2018	-	**472,416**	**1,978,262**	**292,684**	**409,805**	**3,153,167**
Carrying amount						
Balance as at 30 September, 2018	291,023	1,692,299	488,251	68,724	43,477	2,583,774
Balance as at 30 September, 2017	289,983	2,574,195	466,922	89,051	85,741	3,505,892

15. Property, plant and equipment (contd)

	Land	Building	Plant and machinery	Furniture and fixtures	Motor vehicle	Total
	N.'000	N.'000	N.'000	N.'000	N.'000	N.'000
Company						
Cost						
Balance as at 1 October, 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 as at 30 September, 2017	**289,983**	**2,151,757**	**1,675,045**	**273,911**	**375,492**	**4,766,188**
Addition	1,040	4,325	45,083	4,311	4,500	59,259
Disposal	-	-	-	-	(7,645)	(7,645)
Balance as at 30 September, 2018	**291,023**	**2,156,082**	**1,720,127**	**278,222**	**372,347**	**4,817,801**
Accumulated depreciation						
Balance as at1 October, 2016	-	338,744	1,422,165	213,275	318,449	2,292,633
Charge for the year	-	65,195	92,194	22,336	36,421	216,146
Disposal	-	-	-	(242)	(28,460)	(28,702)
Balance as at 30 September, 2017	**-**	**403,939**	**1,514,359**	**235,370**	**326,411**	**2,480,079**
Charge for the year	-	65,337	71,150	20,785	27,122	184,394
Disposal	-	-	-	-	(7,645)	(7,645)
Balance as at 30 September, 2018	**-**	**469,276**	**1,585,508**	**256,155**	**345,888**	**2,656,827**
Carrying amount						
Balance as at 30 September, 2018	**291,023**	**1,686,806**	**134,619**	**22,067**	**26,459**	**2,160,974**
Balance as at 30 September, 2017	**289,983**	**1,747,818**	**160,686**	**38,541**	**49,081**	**2,286,109**

Contractual commitments

At 30 September, 2018 the company had no contractual commitments for the acquisition of property, plant and equipment (2017: 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 and investment in Vitafoam Sierra leone less impairment.

16. INTANGIBLE ASSETS

Group

	Computer software N.'000
Cost	
Balance as at 1 October, 2016	76,985
Additions	13,367
Balance as at 30 September, 2017	**90,352**
Addition	6,727
Reclassification (Note 15)	2,389
Balance as at 30 September, 2018	**99,468**
Accumulated amortisation	
Balance as at 1 October, 2016	26,222
Charge for the year	16,964
Disposal	-
Balance as at 30 September, 2017	**43,186**
Charge for the year	18,708
Reclassification (Note15)	353
Balance as at 30 September, 2018	**62,247**
Carrying amount	
Balance as at 30 September, 2018	**37,221**
Balance at 30 September, 2017	**47,166**

Company

	Computer software N.'000
Cost	
Balance as at 1 October, 2016	76,985
Addition	10,483
Balance as at 30 September, 2017	**87,468**
Addition	6,727
Balance as at 30 September, 2018	**94,195**
Accumulated amortisation	
Balance at 1 October, 2016	26,222
Charge for the year	16,243
Balance as at 30 September, 2017	**42,465**
Charge for the year	17,509
Balance as at 30 September, 2018	**59,974**
Carrying amount	
Balance as at 30 September, 2018	**34,221**
Balance as at 30 September, 2017	**45,003**

There were no development expenditure capitalised as internally generated intangible asset during the year (2017 Nill) Intangible assets represent cost of development of 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 as at 1 October, 2016	463,223
Balance as at 30 September, 2017	463,223
Disposal	(8,127)
Balance as at 30 September, 2018	**455,096**

	Group & Company
	N.'000
Accumulated depreciation	
Balance as at 1 October, 2016	110,055
Charge for the year	14,037
Balance as at 30 September, 2017	**124,092**
Charge for the year	13,791
Disposal	(4,755)
Balance as at 30 September, 2018	**133,128**
Carrying amount	
Balance as at 30 September, 2018	**321,968**
Balance at 30 September, 2017	**339,131**

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:

	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 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:

	Group & Company 2018 N'000	Group & Company 2017 N'000
Naira	17,768	17,768

Investment in unquoted investment relates to investment in Unico CPFA limited. During the year, Crusaders Sterling Pension limited acquired the Pension business of the company. Consequently , it was resolved that refund be made to the shareholders in respect of their investment.. The amount to be refunded is being worked out as at year end. As at 31 December, 2017, which was the last audited financial statements of the company, it had a positive shareholders equity in the sum of N266.7 million.

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

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

19. INVENTORIES

	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 N. '000
Finished goods - cost	1,102,537	1,139,412	833,253	910,410
Raw materials - cost	3,358,979	2,899,328	2,819,981	2,084,991
Wo rk in progress - cost	715,869	660,849	621,424	519,563
Spare parts and consumables - cost	461,945	465,232	345,850	447,202
	5,639,330	**5,164,821**	**4,620,508**	**3,962,166**
Inventories (write-downs)	(87,238)	(31,536)	(80,714)	(28,536)
	5,552,092	**5,133,285**	**4,539,794**	**3,933,630**
Balance as at October 1	31,536	16,709	28,536	13,709
Inventory write-downs for the year	55,702	14,827	52,178	14,827
Balance as at 30 September	**87,238**	**31,536**	**80,714**	**28,536**

20. TRADE AND OTHER RECEIVABLES

	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 N. '000
Trade receivables	1,592,929	1,679,743	859,798	1,092,473
Other receivables	234,335	201,581	183,471	111,689
Staff debtors	19,800	18,448	11,903	10,107
Receivables from related parties- Note 36	-	-	2,484,830	2,174,982
Impairment of receivables	(454,379)	(398,495)	(310,560)	(264,003)
	1,392,685	**1,501,277**	**3,229,442**	**3,125,248**

Other receivables comprise of debit balances in trade creditors ledger and withholding tax receivables.

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

	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 N. '000
Gross trade receivables	1,592,929	1,679,743	859,798	1,092,473
Allowance for impairment	(454,379)	(398,495)	(310,560)	(264,003)
Net trade Receivables	**1,138,550**	**1,281,248**	**549,238**	**828,470**

Summary of trade receivables aging analysis

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

	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 N. '000
0 to 30 days	315,656	503,924	232,811	327,790
30 to 60 days	232,652	201,570	73,721	131,097
90 to 120 days	232,971	83,987	88,754	54,624
90 to 180 days	184,667	218,367	27,711	142,021
180 to 360 days	172,604	273,400	126,241	172,938
	1,138,550	**1,281,248**	**549,238**	**828,470**

Reconciliation of allowance for impairment of trade and other receivables

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

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Balance as at 1 October	(398,495)	(241,523)	(264,003)	(173,336)
Impairment allowance on trade receivable	(129,459)	(116,142)	(114,471)	(49,837)
Amounts written off as uncollectable	73,575	-	67,914	-
Amount reclassified from other receivables	-	(40,830)	-	(40,830)
Balance as at 30 September	**(454,379)**	**(398,495)**	**(310,560)**	**(264,003)**

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	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Prepaid rent	53,490	106,295	32,736	37,109
Prepaid insurance	9,739	10,452	9,145	9,711
Prepaid advertisement	35,140	23,757	8,069	10,348
Prepaid subscription	2,840	4,797	2,724	4,797
Advance payment for forex*	1,914,592	397,195	1,523,066	240,920
Other prepayments**	196,731	110,085	136,563	69,468
	2,212,532	**652,581**	**1,712,303**	**372,353**

* Advance payments for forex relates to payments on account of forex for various letters of credit opened with commercial banks

**Other prepayment relates to prepaid bank charges on letter of credits and leased property

22. CASH AND CASH EQUIVALENTS

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

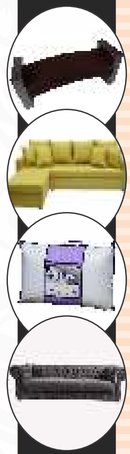
	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Cash on hand	19,416	24,961	17,903	14,614
Bank balances	811,724	435,833	740,739	328,262
Fixed deposit	134,581	55,713	134,581	55,713
Cash and bank	**965,721**	**516,507**	**893,223**	**398,589**
Bank overdraft	(1,045,155)	(2,076,344)	(971,647)	(1,761,719)
	(79,434)	**(1,559,837)**	**(78,424)**	**(1,363,130)**

The group has restricted cash balance of N481.6 million, held as a collateral for credit line utilized for letter of credit and loan repayment reserves (2017 : N243.4 million)

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Wema Bank	396,400	-	396,400	-
Zenith Bank	85,400	243,400	85,200	243,400
	481,800	**243,400**	**481,600**	**243,400**

23. OTHER FINANCIAL LIABILITIES

	Group 2018	Group 2017	Company 2018	Company 2017
Non Current				
Bank borrowings	1,871,403	766,448	1,658,804	147,839
Current				
Bank overdraft	1,045,155	2,076,344	971,647	1,761,719
Commercial papers	3,419,996	2,462,225	3,419,996	2,462,225
Bank borrowings	1,081,423	606,704	968,515	583,520
	5,546,574	**5,145,273**	**5,360,158**	**4,807,464**
	7,417,977	**5,911,721**	**7,018,962**	**4,955,303**



23. Other financial liabilities (contd)

a. Bank borrowings

The term loans represent the outstanding balances on two facilities - 4-year term loan of N350 million and 4 -year term loan of N2 billion granted to the parent by bank of industry in 2018 with a 12 months moratorium. Both loans are secured by a negative pledge on the parent's fixed and floating assets and are carried at fair value 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 2016, the loan was bought over by a local bank in Sierra leone with a tenor of 4 years denominated in leones, the term loan was restructured in April 2018 to 5 years maturing in October 2022.. Bank overdrafts and commercial papers are not discounted as the fair value equals carrying amounts.

b. Reconciliation of borrowings

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Balance as at 1 October	3,835,377	4,824,416	3,193,583	3,818,607
Proceeds from borrowings	6,119,129	9,918,334	4,290,614	9,918,334
Repayment of borrowings	(2,918,151)	(10,907,373)	(1,436,883)	(10,543,358)
Balance as at 30 September	**7,036,355**	**3,835,377**	**6,047,314**	**3,193,583**

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. and N2 billion granted to the parent company. 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.

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Non-current liabilities	80,762	-	80,762	-
Current liabilities	42,951	7,115	42,951	7,115
	123,713	**7,115**	**123,713**	**7,115**

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 (charges)/write back	At 30 September
Balance as at 30 September 2018	N'000	N'000	N'000	N'000
Deferred tax assets/liabilities in relation to:				
Property, plant & Equipment	412,828	23,597	-	436,425
Provisions	(154,892)	(65,941)	14,128	(206,705)
Exchange difference	134,568	2,149	(4,103)	132,614
	392,504	**(40,195)**	**10,025**	**362,334**

Group

Balance as at 30 September 2017
Deferred tax assets/liabilities in relation to:

	At 1 October	P&L (charges)/write back	OCI (charges)/write back	At 30 September
	N'000	N'000	N'000	N'000
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**

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

Balance as at 30 September 2018
Deferred tax assets/liabilities in relation to:

	At 1 October	P&L (charges)/write back	OCI (charges)/write back	At 30 September
	N'000	N'000	N'000	N'000
Property, plant & Equipment	520,186	6,515	-	526,701
Provision	(197,107)	(76,640)	14,129	(259,618)
Exchange difference	134,568	11,121	-	145,689
	457,647	**(59,004)**	**14,129**	**412,772**

Company

Balance as at 30 September 2017
Deferred tax assets/liabilities in relation to:

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

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	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Deferred tax assets	(206,705)	(154,892)	(259,618)	(197,107)
Deferred tax liabilities	569,039	547,396	672,390	654,754
	362,334	**392,504**	**412,772**	**457,647**

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VITASANDALS

VITASOFT FOOTWEAR

VITA SANDALS

"Comfort is a powerful sedative." - Samantha Garman

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26. EMPLOYEE BENEFITS OBLIGATION

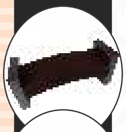
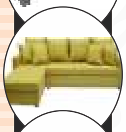
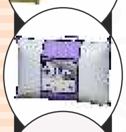
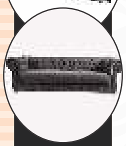
	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Statement of financial position obligation				
Retirement benefit obligation	201,522	187,364	201,522	187,364
Long Service Awards Benefits	95,515	96,413	95,515	96,413
Liability in the statement of financial position	**297,037**	**283,777**	**297,037**	**283,777**

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

Carrying value

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Present value of the defined benefit obligation	(709,122)	(672,265)	(709,122)	(672,265)
Fair value of plan assets	507,600	484,900	507,600	484,900
	(201,522)	**(187,365)**	**(201,522)**	**(187,365)**

26. Employee benefits obligation (Contd)

Net defined benefit obligation

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

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Balance as at 1 October	672,265	663,532	672,265	663,532
Current service cost	78,368	87,324	78,368	87,324
Interest cost	102,164	98,488	102,164	98,488
Actuarial (gains) losses	(89,655)	(133,312)	(89,655)	(133,312)
Benefits paid	(54,020)	(43,767)	(54,020)	(43,767)
Balance as at 30 September	**709,122**	**672,265**	**709,122**	**672,265**

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

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Balance as at 1 October	484,900	419,716	484,900	419,716
Expected return on plan assets	75,794	61,151	75,794	61,151
Employer contributions	41,470	34,454	41,470	34,454
Benefits paid by fund	(49,062)	(37,821)	(49,062)	(37,821)
Actuarial gain/(loss) on plan asset	(45,502)	7,400	(45,502)	7,400
Balance as at 30 September	**507,600**	**484,900**	**507,600**	**484,900**

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	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Service cost	90,418	104,023	90,418	104,023
Interest cost	116,046	115,876	116,046	115,876
Expected return on plan assets	(75,793)	(61,152)	(75,793)	(61,152)
Actuarial gain/(loss) on long service award	(12)	(58,676)	(12)	(58,676)
Remeasurement gains or (losses) Note (41)	44,153	140,712	44,153	140,712

Key assumptions used

The principal actuarial assumptions were as follows:

	Group and company	
	2018	2017
Discount rates used (p.a)	15.50 %	15.50 %
Expected rate of return on assets (p.a)	14.00 %	15.50 %
Expected rate of return on reimbursement rights (p.a)	12.00 %	12.00 %
Expected increase in salaries	15.50 %	14.00 %

26. Employee benefits obligation (contd)

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 Number of deaths in y	
Mortality in service Sample age	**2018**	**2017**
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	4
31-39	4.5	4.5
40-44	4.0	4.0
45-55	3.5	3.5
56-59	3.0	3.0

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 awards obligations over the year for both group and company is as follows:

	Group and Company N'000	
Balance as at 1 October	96,340	121,002
Current service cost	12,049	16,699
Interest cost	13,882	17,388
Actuarial (gains)	(12)	(58,676)
Benefits paid	(26,744)	(73)
Balance as at 30 September	**95,515**	**96,340**

26. Employee benefit obligation (contd)

Sensitivity analysis

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

Base	Change in assumption	Impact on retirement benefit obligation as at 30 September
		2018 N'000
Discount rate	+1%	647,480
	-1%	779,992
Salary Increases	+1%	783,737
	-1%	643,368
Mortality experience	Age rated up by 1 year	709,113
	Age rated down by 1 year	709,127

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

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Trade payables	1,354,151	1,499,280	1,133,025	1,241,593
Dealers' security deposit	61,157	33,458	57,077	30,744
Dividends unclaimed	345,977	282,383	345,977	282,383
Other credit balances	327,435	208,038	240,058	178,595
Value added tax payable	391,905	721,794	274,560	613,334
Accrued expenses	218,873	174,072	51,307	63,635
Withholding tax payable	61,275	34,947	59,122	39,165
Other accounts payable	99,928	158,401	47,871	101,294
	2,860,701	**3,112,373**	**2,208,997**	**2,550,743**

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

Other credit balances comprise of trade debtors with credit balances and amount due to freighters.

28. SHARE CAPITAL

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Authorised 2,400,000,000 Ordinary shares of 50 kobo each	1,200,000	1,200,000	1,200,000	1,200,000

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Issued Ordinary share 1,042.070 of 50k each	521,035	521,035	521,035	521,035
29. SHARE PREMIUM				
Share premium	3	3	3	3

30. BASIC EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weightedaverage number of ordinary shares in issue during the year.

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Net profit/(loss) attributable to shareholders (N'000)	590,232	(151,960)	486,120	190,540
Weighted number of ordinary shares in issue as at year end (000)	1,042,070	1,042,070	1,042,070	1,042,070
Earnings/(loss) per share (Kobo)	**57**	**(15)**	**47**	**18**

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 N156.36 million (N0.15 per share) which relates to year ended 30 September 2017 (2016 N125.04 million (N0.12 per share) was paid by Vitafoam Nigeria Plc (Company) in arrears in the year 2018. Vitablom Nigeria Limited also paid a dividend of N32 million (N0.16 per share) for the same period. A dividend in respect of the year ended 30 September 2018 of N0.25 per share, amounting to a total dividend of N260.51 million and a bonus of 1 for 5 shares is to be proposed by Vitafoam Nigeria Plc at the annual general meeting on 7th March, 2019 while a dividend of N0.22 amounting to N57.1 million is to be proposed by Vitablom Nigeria Limited. This financial statement does not reflect the dividend payable.

32. CASH GENERATED FROM /(USED IN) OPERATIONS

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Profit before taxation	793,852	18,133	619,233	290,280
Adjustments for:				
Depreciation and amortisation	380,630	432,053	215,694	246,426
(Profit)/Loss on sale of assets	-	3,579	-	3,579
Profit on disposal of investment	(66,374)	-	(65,705)	-
Adjustment on property, plant and equipment	-	26,146	-	-
Gain/loss on exchange difference	41,946	10,622	-	-
Finance costs	1,377,432	1,376,814	1,184,664	1,175,195
Interest received	(79,186)	(61,152)	(75,793)	(61,152)
Impairment of investment in subsidiary	-	-	348,697	-
Movements in retirement benefit assets and liabilities	43,284	17,459	43,284	17,460
Transfer between reserves	8,000	83,203	-	-
Changes in working capital:				
Inventories	(704,314)	(716,796)	(606,164)	(679,337)
Trade and other receivables	33,198	313,721	(104,194)	489,557
Other assets	(1,559,951)	(97,071)	(1,339,950)	87,207
Trade and other payables	(169,468)	1,060,648	(341,746)	614,519
Deferred income	116,598	(10,759)	116,598	(10,759)
Deferred tax liabilities	(21,599)	42,213	14,129	42,213
	194,048	**2,498,813**	**8,747**	**2,215,188**

33. CONTINGENT LIABILITIES

Contingent liabilities arising from pending litigations as at year end amounted to N254.7million (2017: N82.7 million). 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 (2017: Nil)

b. Capital expenditure contracted but not provided for in the financial statements was Nil (2017: Nil)

35. DIRECTORS AND EMPLOYEES INFORMATION

Directors' emoluments

Remuneration paid to the directors is as follows:

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Basic	71,017	56,537	61,958	56,537
Other emoluments	5,426	4,335	4,176	4,335
	76,443	**60,872**	**66,134**	**60,872**
Chairman	6,869	6,800	6,869	6,800
Emoluments of the highest paid director	33,283	30,178	33,283	30,178

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	5	2	5	2
N12,300,001 and above	2	2	2	2
	7	**4**	**7**	**4**

Employees

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

	Number	Number	Number	Number
Management	156	152	111	107
Non-management	509	536	358	370
	665	**688**	**469**	**477**

The breakdown of employee emoluments are as follows:

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Employee cost charged to cost of sales	146,385	167,234	146,385	134,240
Employee cost charged to administrative expenses	1,406,118	1,456,016	1,031,290	1,118,683
Gratuity Expense	108,493	104,023	90,270	104,023
	1,660,996	**1,727,273**	**1,267,945**	**1,356,946**

35. Directors & employees information (contd)

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

	Group		Company	
	2018	2017	2018	2017
N	Number	Number	Number	Number
100,001 - 200,000	13	20		
200,001 - 300,000	34	33	2	1
300,001 - 400,000	148	170	95	115
400,001 - 500,000	200	195	160	166
500,001 - 600,000	75	68	67	60
600,001 - 700,000	34	32	27	24
700,001 - 800,000	21	26	15	20
800,001 - 900,000	23	15	14	8
900,001 - 1,000,000	13	9	10	8
1,000,001 - 1,100,000	9	15	6	13
1,100,001 - 1,200,000	8	6	7	5
1,200,001 - 1,300,000	9	3	8	1
1,300,001 - 1,400,000	3	6	2	3
1,400,001 - 1,500,000	7	6	4	3
1,500,001 - 2,000,000	20	20	15	17
2,000,001 - 2,500,000	12	6	9	4
2,500,001 - 3,000,000	6	8	4	6
3,000,001 - 3,500,000	5	3	4	1
3,500,001 - 4,000,000	2	4	1	3
4,000,000 - 4,500,000	2	3	2	3
4,500,001 - 5,000,000	2	3	2	2
5,000,001 - 5,500,000	5	4	2	4
5,500,001 - 6,500,000	5	4	7	2
6,500,001 - 8,000,000	7	1	2	1
8,000,001 - 9,000,000		5	2	5
9,000,001 - 11,000,000		2		1
Above 11,000,000	2	1	2	1
	665	**668**	**469**	**477**

36. RELATED PARTY DISCLOSURES

Related party balances

The following are the amount due from/to subsidiaries:

			Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Due from/to Related entities				
Vitavisco Nigeria Limited	-	-	43,658	57,690
Vitafoam Ghana	-	-	499,883	418,686
Vitagreen Limited	-	-	259,075	256,292
Vitafoam Sierra Leone	-	-	792,397	505,523
Vono Furniture Products Limited	-	-	174,141	67,660
Vitablom Nigeria Limited	-	-	(37,036)	105,479
Vitapur Nigeria Limited	-	-	649,277	764,143
Vitaparts Nigeria Limited	-	-	103,435	(491)
	-	-	**2,484,830**	**2,174,982**

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

Related party transactions

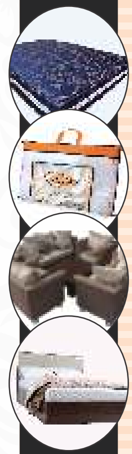
During the year the Group entered into transactions with its related parties. The transactions were in the ordinary course of business. Transactions with subsidiaries were at arm's length. Transactions with subsidiaries are eliminated in the Group consolidated accounts. The following transactions were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

Sales of goods and services	2018 N'000	2017 N'000
Vono Furnitures Products Limited	146,787	240,935
	146,787	**240,935**
Purchases from related parties		
Vitablom Nigeria Limited	807,925	587,553
Vitavisco Nigeria Limited	194,425	101,906
Vono Furnitures Products Limited	230,412	166,522
Vitapur Nigeria Limited	334,203	246,968
Vitagreen Nigeria Limited	-	12,830
	1,566,965	**1,115,779**

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
	2018 N'000	2017 N'000
Salaries and other short-term employee benefits	154,567	192,626
Post-employment benefits	-	10,633
Total	**154,567**	**203,259**



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	**2018 N'000**	**2017 N'000**
Foam products	1,989,186	6,046
Furniture/Other products	102,911	12,087
	2,092,098	**18,133**

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

Within Nigeria	19,122,327	16,873,789
Outside Nigeria (Ghana and Sierra Leone)	411,774	822,031
Total revenue	**19,534,101**	**17,695,820**

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

Foam products	17,643,371	15,354,390
Furniture/Other products	1,890,730	2,341,430
Total revenue	**19,534,101**	**17,695,820**

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:

	2018 N'000	2017 N'000
Non-current assets (excluding deferred tax)		
Within Nigeria	2,957,582	3,014,014
Outside Nigeria (Vitafoam Ghana)	3,149	895,943
Total	**2,960,731**	**3,909,957**

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

Foam products	14,618,892	10,542,923
Furniture/Other products	1,415,111	2,867,749
Total segment assets	**16,034,003**	**13,410,672**

Segment reporting (contd)

Foam products	10,471,601	6,790,295
Furniture/Other products	1,688,785	3,246,779
Total segment liabilities	**12,160,386**	**10,037,074**

38. EVENTS AFTER THE REPORTING PERIOD

There were no post balance sheet events that could have material effect on the state of affairs of the Group at 30 September, 2018 and on the profit for the year ended on that date that have not been taken into account in these financial statements.

39. INVESTMENT IN SUBSIDIARIES (AT COST)

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

Name	Countryof 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	2018 N'000	2017 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	Manufacture of foam and allied products	81.92%	18.08%	-	640,527
Vitapur Nigeria Limited	Nigeria	Manufacturing of Insulation Products	40%	60%	40,000	40,000
Vitablom Nigeria Limited	Nigeria	Fibre processing and soft furnishing company	48.79%	51.21%	123,802	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%	0%	134,863	134,863
Vitaparts Nigeria Limited	Nigeria	Manufacture of motor vehicle oil filters	52.95%	47.05%	123,900	65,000
					474,808	972,852
Provision for diminution in value of investment in subsidiary					(86,243)	(86,243)
					388,565	**886,609**

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

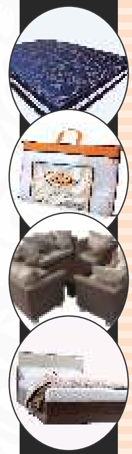
Set out below are the summarised financial information for major subsidiaries of the group:

Balance as at 30 September, 2018	Vitaparts Nigeria Limited	Vitafoam Ghana Co. Limited	Vitapur Nigeria Limited	Vitablom Nigeria Limited	Vitavisco Nigeria Limited	Vitagreen Nigeria Limited	Vono Furnitures
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Current assets	405,893	72,518	777,018	530,906	92,804	150,136	377,433
Non-current assets	272	3,148	93,872	281,012	36,365	10,024	146,200
Current liabilities	(186,220)	(505,870)	(987,630)	(230,218)	(111,310)	(234,336)	(420,556)
Non-current liabilities	-	-	(229,301)	(19,635)	(2,727)	-	(30,599)
Equity	(219,945)	(430,204)	346,041	(562,065)	(15,987)	74,176	(72,478)
Profit or loss items							
Revenue	-	(36,498)	(1,142,743)	(973,206)	(200,325)	(12,752)	(739,457)
Cost of sales	-	20,709	757,735	702,031	115,411	20,868	529,745
Expenses	10,408	121,925	298,688	156,822	69,728	14,648	237,735
Retained (income)/ loss	10,408	102,335	(26,639)	(104,514)	(9,193)	13,321	20,542

Balance as at 30 September, 2017	Vitaparts Nigeria Limited	Vitafoam Ghana Co. Limited	Vitapur Nigeria Limited	Vitablom Nigeria Limited	Vitavisco Nigeria Limited	Vitagreen Nigeria Limited	Vono Furnitures
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Current assets	163,753	82,453	503,820	474,044	82,711	150,943	278,974
Non-current assets	340	4,515	145,626	163,926	4,922	17,832	162,086
Current liabilities	(640)	(434,595)	(908,299)	(196,627)	(80,839)	(229,627)	(288,437)
Non-current liabilities	-	-	(113,827)	(41,292)	-	-	(59,603)
Equity	(163,454)	347,669	372,679	(400,051)	(6,794)	60,854	(93,020)
Profit or loss items							
Revenue	-	(45,063)	(1,045,398)	(727,482)	(125,724)	(49,695)	(772,336)
Cost of sales	-	29,962	707,957	498,143	83,089	36,367	541,858
Expenses	3,646	170,015	295,653	150,921	22,427	18,908	275,370
Retained (income)/loss	3,646	154,911	(36,880)	(34,082)	(18,842)	2,602	33,312

Disposal of interest in a subsidiary without loss of control

None of the subsidiaries shares were disposed during the year.



40. NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUP

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

Assets and liabilities	Group 2018 N. '000	Group 2017 N. '000	Company 2018 N. '000	Company 2017 N. '000
Non-current assets held for sale				
Property, plant and equipment at 1 Oct. 2017	1,697,065	1,697,065	1,570,043	1,570,043
Disposal (at carrying cost)	(3,403)	-	(3,403)	-
Investment in subsidiary	-	-	640,526	-
Impairment on Investment in subsidiary	-	-	(348,697)	-
	1,693,662	**1,697,065**	**1,858,469**	**1,570,043**
Assets of disposal groups				
Property, plant and equipment	755,532	-	-	-
Available for-sale financial assets	142,101	-	-	-
Inventories	285,507	-	-	-
Trade and other receivables	75,394	-	-	-
	1,258,534	-	-	-
	2,952,196	**1,697,065**	**1,858,469**	**1,570,043**
Liabilities of disposal groups				
Other financial liabilities	663,533	-	-	-
Trade and other payable	80,960	-	-	-
Other liabilities	1,244	-	-	-
	745,737	-	-	-

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.

In addition to the held for sale above, the board of Directors resolved to dispose the Group's Investment in Sierra-Leone operations and negotiations with several interested parties have subsequently taken place. This operation is expected to be sold within 12 months, and have been classified as a disposal group.

41. OTHER COMPREHENSIVE INCOME

Components of other comprehensive income - Group - 2018

	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	44,153	(14,129)	30,024
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	41,946	-	41,946
Total	**86,099**	**(14,129)**	**71,970**

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 - Company - 2018

	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	**44,153**	**(14,129)**	**30,024**

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			
Remeasurements on net defined benefit liability/asset	**140,712**	**(42,214)**	**98,498**

42. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

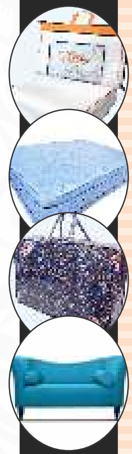
The following items are included within depreciation, amortisation and impairments:

	Group		Company	
	2018 N. '000	2017 N. '000	2018 N. '000	2017 N. '000
Depreciation				
Property, plant and equipment	348,132	401,052	184,394	216,147
Investment property	13,791	14,037	13,791	14,037
	361,923	**415,089**	**198,185**	**230,184**
Amortisation				
Intangible assets	**18,707**	**16,964**	**17,509**	**16,243**
Total depreciation, amortisation and impairments				
Depreciation	361,923	415,089	198,185	230,184
Amortisation	18,707	16,964	17,509	16,243
	380,630	**432,053**	**215,694**	**246,427**
Cost of sales	178,075	215,702	71,150	92,194
Admin	202,555	216,351	144,544	154,233
	380,630	**432,053**	**215,694**	**246,427**

VALUE ADDED STATEMENT

	2018 N. '000	2018 %	2017 N. '000	2017 %
Group				
Value added				
Revenue	19,534,101		17,695,820	
Interest received	79,186		61,152	
Other income	547,803		283,565	
Bought - in materials and services	(16,203,058)		(14,499,193)	
Total value added	**3,958,032**	**100**	**3,541,344**	**100**
Value distributed				
To pay employees				
Salaries, wages, medical and other benefits	**1,406,118**		**1,714,344**	
To pay providers of capital				
Finance costs	1,377,432		1,376,814	
Share of profit to Non-controlling interest	11,691		24,270	
	1,389,123	**35**	**1,401,084**	**40**
To pay government				
Income tax	255,499		176,141	
Capital gain tax	5,720		-	
Overprovision in prior year	(50,954)		-	
Education tax	26,481		19,882	
	236,746	**6**	**196,023**	**6**
To be retained in the business for expansion and future wealth creation:				
Depreciation, amortisation and impairments	380,630		432,053	
Deferred tax	(44,817)		(50,200)	
Retained profit or loss	590,232		(151,960)	
	926,045	**23**	**229,893**	**6**
Total value distributed	**3,958,032**	**100**	**3,541,344**	**100**

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



Vitafoam
-the fine art of living

VALUE ADDED STATEMENT

	2018 N. '000	%	2017 N. '000	%
Company				
Value added				
Revenue	17,612,291		15,921,022	
Interest received	75,793		61,152	
Other income	558,612		260,041	
Bought - in materials and services	(15,195,815)		(13,173,368)	
Total value added	**3,050,881**	**100**	**3,068,847**	**100**
Value distributed				
To pay employees				
Salaries, wages, medical and other benefits	1,031,290		1,356,946	
	1,031,290	**34**	**1,356,946**	**44**
To pay providers of capital				
Finance costs	1,184,664		1,175,195	
	1,184,664	**39**	**1,175,195**	**38**
To pay government				
Income tax	220,747		95,684	
Capital gain tax	5,720		-	
Overprovision in prior year	(53,542)		-	
Education tax	19,192		11,839	
	192,117	**6**	**107,523**	**4**
To be retained in the business for expansion and future wealth creation:				
Depreciation, amortisation and impairments	215,694		246,426	
Deferred tax	(59,004)		(7,783)	
Retained profit or loss	486,120		190,540	
	642,810	**21**	**429,183**	**14**
Total value distributed	**3,050,881**	**100**	**3,068,847**	**100**

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

VITACOOL

VITALITY

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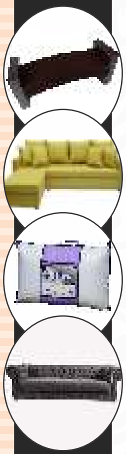
"The difference between stumbling blocks and stepping stones is how you use them."
– Unknown



FIVE YEAR FINANCIAL SUMMARY

	2018 N. '000	2017 N. '000	2016 N. '000	2015 N. '000	2014 N. '000
Group					
Statement of Financial Position					
Assets					
Non-current assets	2,960,731	3,909,957	4,250,321	4,945,377	4,240,708
Net current assets/ (liabilities)	1,327,053	(790,695)	(653,428)	345,492	120,119
Assets of disposal groups held for sale	2,952,196	1,697,065	1,697,065	919	-
	7,239,980	**4,816,327**	**5,293,958**	**5,291,788**	**4,360,827**
Non-current liabilities	(2,611,536)	(1,442,729)	(1,861,470)	(1,978,397)	(1,331,760)
Liabilities of disposal groups held for sale	745,737	-	-	-	-
Net assets	**3,882,707**	**3,373,598**	**3,432,488**	**3,313,391**	**3,029,067**
Equity					
Share capital	521,038	521,038	521,038	491,403	409,500
Retained income	2,851,081	2,387,180	2,565,726	3,092,017	2,807,274
Reserves	470,237	428,291	417,669	192,268	(9,006)
Non-controlling interest	40,351	37,089	(71,945)	(462,297)	(178,701)
Total equity	**3,882,707**	**3,373,598**	**3,432,488**	**3,313,391**	**3,029,067**
Profit and loss account					
Revenue	19,534,101	17,695,820	13,569,873	16,853,042	16,712,922
Profit before taxation	793,852	18,133	61,198	213,097	709,722
Taxation	(191,929)	(145,823)	(93,230)	(285,078)	(274,127)
	601,923	**(127,690)**	**(32,032)**	**(71,981)**	**435,595**
Profit (loss) for the year	**601,923**	**(127,690)**	**(32,032)**	**(71,981)**	**435,595**
	-	-	-	-	-
Non-controlling interest	(11,691)	(24,270)	(7,240)	35,273	83,225
Profit/(loss) attributable to owners of the parent retained	**590,232**	**(151,960)**	**(39,272)**	**(36,708)**	**518,820**
Per share data- Kobo					
Earnings/(loss) per share (Basic)	57	(15)	(4)	(4)	63
Net assets per share	373	324	347	337	370

Earnings/(loss) 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.

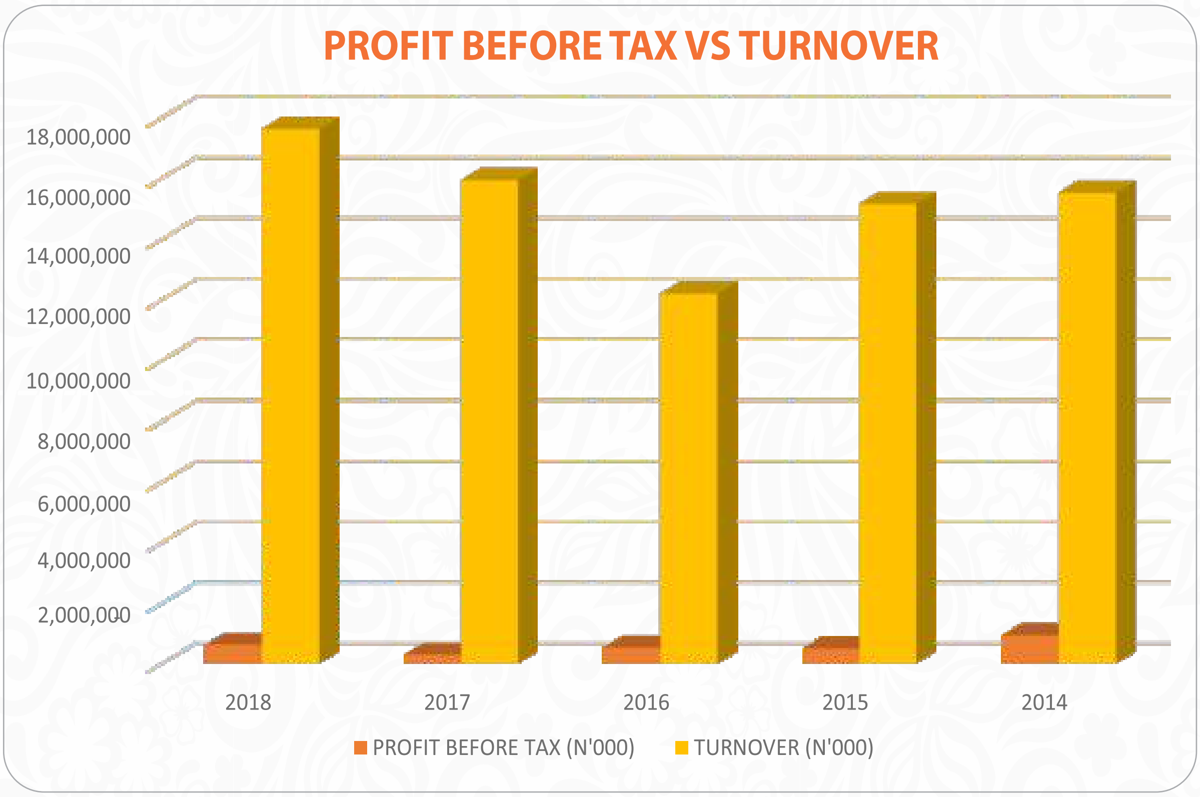
FIVE YEAR FINANCIAL SUMMARY

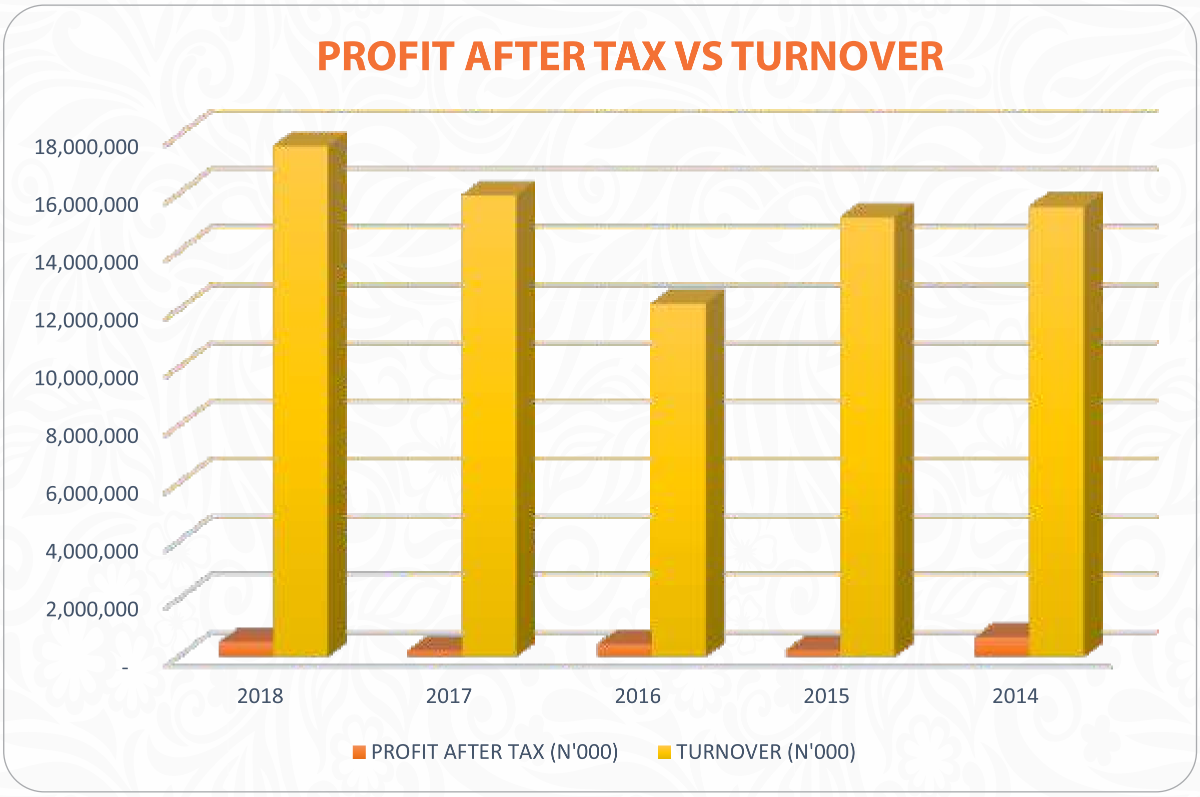
	2018 N. '000	2017 N. '000	2016 N. '000	2015 N. '000	2014 N. '000
Company					
Statement of Financial Position					
Assets					
Non-current assets	2,923,496	3,574,620	3,701,419	3,659,266	3,311,981
Net current assets/(liabilities)	2,490,404	207,806	(18,822)	1,318,888	1,055,620
Assets of disposal groups held for sale	1,858,469	1,570,043	1,570,043	-	-
	7,272,369	5,352,469	5,252,640	4,978,154	4,367,601
Non-current liabilities	(2,449,375)	(889,263)	(953,388)	(1,175,322)	(620,597)
Net assets	**4,822,994**	**4,463,206**	**4,299,252**	**3,802,832**	**3,747,004**
Equity					
Share capital	521,038	521,038	521,038	491,403	409,503
Reserves	450,370	450,370	450,370	(37,048)	(37,048)
Retained income	3,851,586	3,491,798	3,327,844	3,348,477	3,374,549
Total equity	**4,822,994**	**4,463,206**	**4,299,252**	**3,802,832**	**3,747,004**
Profit and loss account					
Revenue	17,612,291	15,921,022	12,189,558	15,155,102	15,519,856
Profit before taxation	619,233	290,280	522,757	489,456	926,311
Taxation	(133,113)	(99,740)	(110,371)	(292,816)	(266,421)
Profit from discontinued operations	**486,120**	**190,540**	**412,386**	**196,640**	**659,890**
Profit for the year	**486,120**	**190,540**	**412,386**	**196,640**	**659,890**
Retained income for the year	**486,120**	**190,540**	**412,386**	**196,640**	**659,890**
Per share data- Kobo					
Earnings per share (Basic)	47	18	41	20	81
Net assets per share	463	428	432	387	458

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.

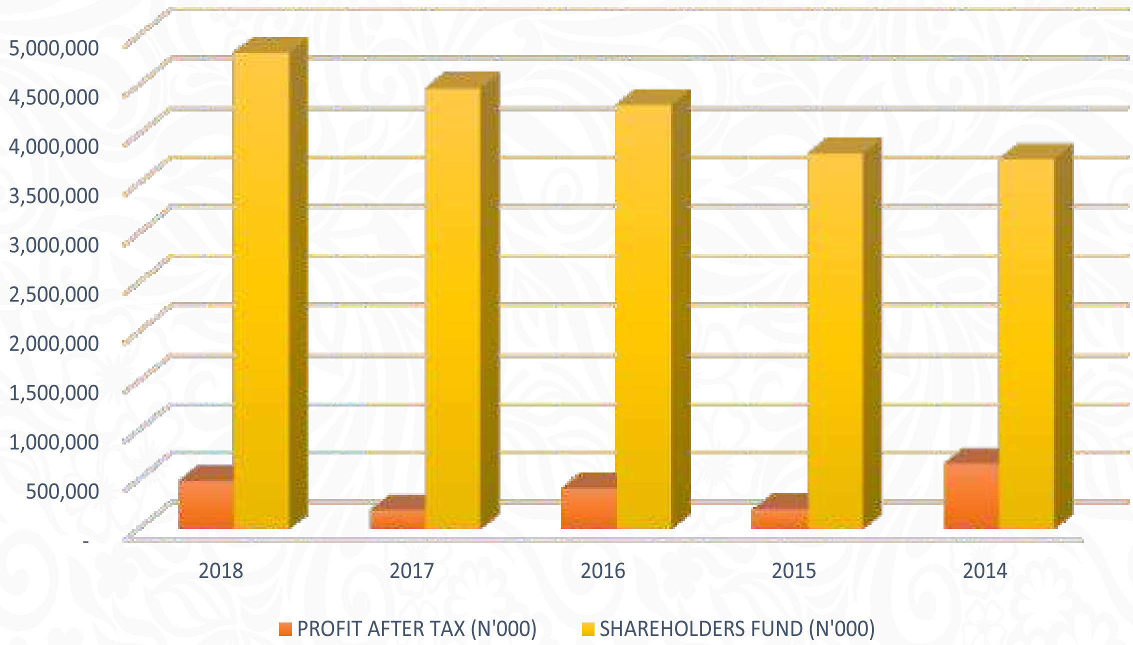
Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

PERFORMANCE INDICATORS

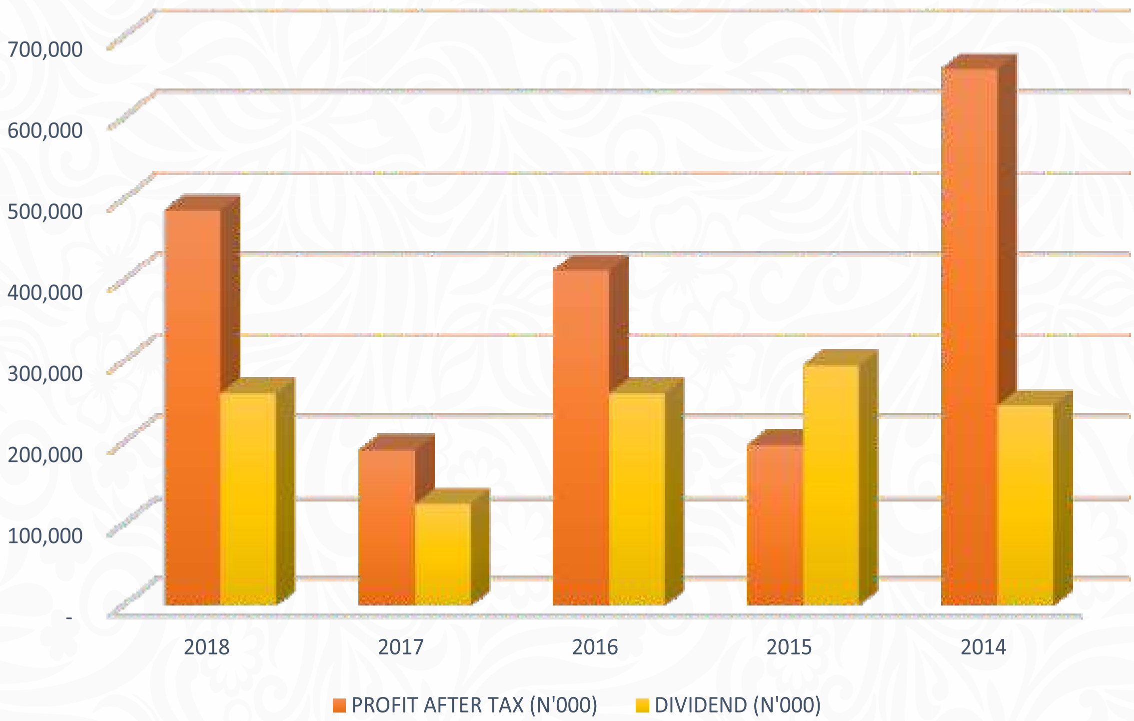




PROFIT AFTER TAX VS SHAREHOLDERS FUND

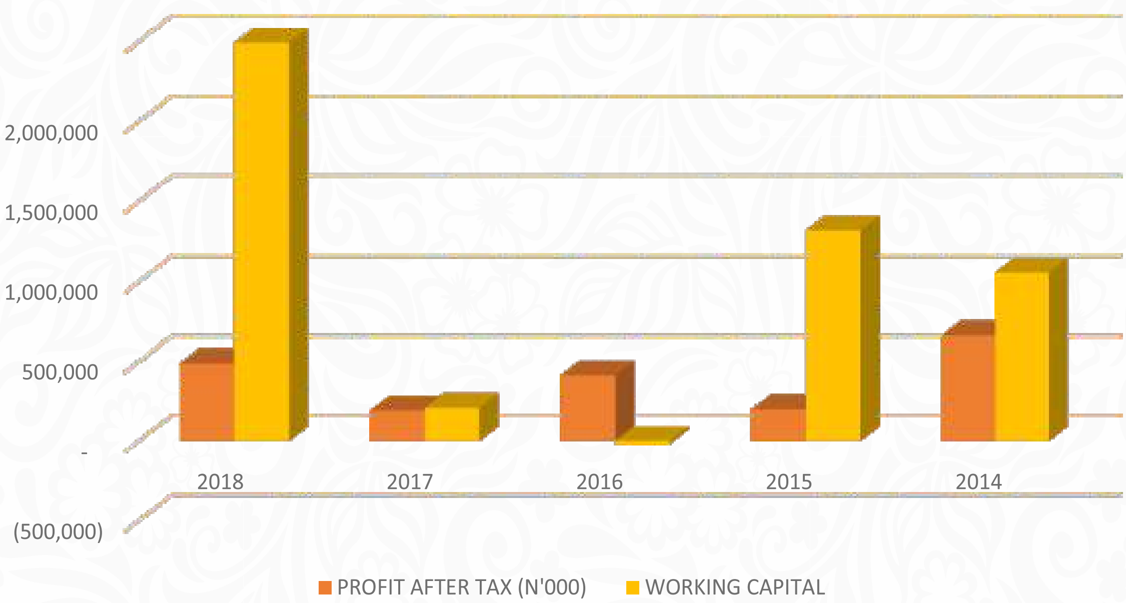


PROFIT AFTER TAX VS DIVIDEND



DIVIDEND VS EARNING PER SHARE

PROFIT VS WORKING CAPITAL



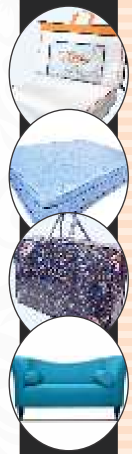
SHAREHOLDERS' INFORMATION

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
16	41	FINAL	156,355,507.95	141,262,456.21	15	09/03/2018	51,225,255.08

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



CHAISE
LOUNGE

CHAISE LOUNGE

This modern, stylish chaise is an attractive and functional addition to any space. It offers comfortable lounge-like seating with a side rest and support for relaxation and sit-up posture. This versatile piece will fit with almost any decor.

Featuring soft cotton upholstery filled with supportive polyurethane foam, this inviting piece of furniture is a smart solution for keeping a home well-organized even when furniture spaces are minimal. The chaise stands about 18 inches high, making it ideal for spending quality downtime with toddlers who might not be able to safely get onto taller pieces of lounge furniture.

PROXY FORM

VITAFOAM NIGERIA PLC RC 3094

Annual General Meeting to be held at 10.00 a.m. on Thursday, 7th March, 2019 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 7thMarch, 2019 and at any and every adjournment thereof.

Dated this .... day of ....

....2019.

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 above 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 above 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 Admission Card sent with the Notice of the Meeting to obtain entrance to the Meeting.

	VOTES	
RESOLUTION	**For**	**Against**
To declare a Dividend		
To re-elect Mr. M. G. Alkali as a Director		
To re-elect Prof (Mrs.) Rosemary Egonmwan 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		
To approve capitalization of N104.2millions by way of bonus issue on the basis of one new share for five existing ordinary shares		

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.

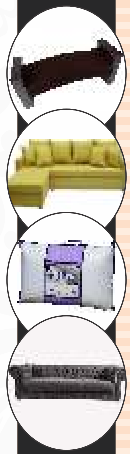
ADMISSION CARD

Please admit ....to the Annual General Meeting of VITAFOAM NIGERIA PLC which will be held at 10.00 a.m. on the 7th March, 2019 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

FIRST FOLD

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

SECOND FOLD HERE

MERISTEM
REGISTRARS LIMITED

E-DIVIDEND MANDATE ACTIVATION FORM

Affix
Current
Passport

Write your name at the back of your passport photograph

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 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 /Company's Name | First Name | Other Names

Address:

City | State | Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 | Mobile Telephone 2

Email Address

Signature(s) | Company Seal (If applicable)

Joint / Company's Signatures

TICK	NAME OF COMPANY	SHARE A/C NO
	AFRINVEST EQUITY FUND	
	AIRLINE SERVICE & LOGISTICS PLC	
	BERGER PAINTS NIG PLC	
	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	
	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	
	THE BGL NUBIAN FUND	
	THE BGL SAPPHIRE FUND	
	THOMAS WYATT PLC	
	VITAFOAM NIGERIA PLC	
	VONO PRODUCTS PLC	
	ZENITH EQUITY FUND	
	ZENITH ETHICAL FUND	
	ZENITH INCOME FUND	

Help Desk Telephone No/Contact Centre Information
for Issue resolution or clarification: 01-2809250 - 4

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Toll Free: +234 705 210 000
Email: response.centre@vitafoam.com.ng