



LIVESTOCK FEEDS PLC

RC 3315



...quality feeds nationwide

a subsidiary of  of nigeria plc

2022 ANNUAL REPORT & FINANCIAL STATEMENTS

Introducing

The New

L-Gold

Broiler Feeds

Confam padi for your broiler chicken!



L-Gold Broiler Feeds is fully packed with essential nutrients for faster growth of your broiler chicken, giving you higher profit.

Contact: 08037160232

Quality feeds from **LIVESTOCK FEEDS_{PLC}**



VISION

To be the preferred brand in animal nutritional products.

MISSION

To grow our topline at thrice the rate of GDP growth rate achieving an EBIT of 7%.

VALUES

- ▶ Customer Focus
- ▶ Respect for individual
- ▶ Integrity
- ▶ Team Spirit
- ▶ Innovation
- ▶ Openness & Communication



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COMPANY PROFILE

Livestock Feeds Plc (Livestock Feeds) was established as a limited liability Company in March 1963 by Pfizer as a subsidiary of the pharmaceutical business which had been introduced into Nigeria a few years earlier. Following the importation of exotic milking cows and hybrid chicken into the country by the Germans, Dutch and later Americans, the need to provide health and nutritional products led to creating Animal Health division and then the Feeds division.

The first Mill which had a processing capacity of 5MT/hr was installed in Ikeja in 1963, additional Mills were installed in Aba (1964) and Kaduna (1965) with processing capacity of 4MT/hr and 3.5MT/hr respectively. The accelerated growth in Nigeria's urban and sub-urban population, coupled with demand for poultry meat and egg, positively impacted the feed business, leading to significant growth in Livestock Feeds' business nationally. The Company was quoted on the Nigerian Stock Exchange in 1978. The impressive performance propelled the upgrading of the milling output to 10MT/hr automatic machines at Ikeja, Aba and then Benin between 1983 and 1985; a back-up mill, of 6MT/hr, was installed in Kaduna.

The company's era of growth also witnessed the establishment of a Franchise business marketing system. Livestock Feeds was the dominant brand and benchmark in the industry then, with total installed capacity of 40MT/hr and a network of 12 franchise millers,. At the height of its operations, the company had 55% market share in the animal feeds industry.

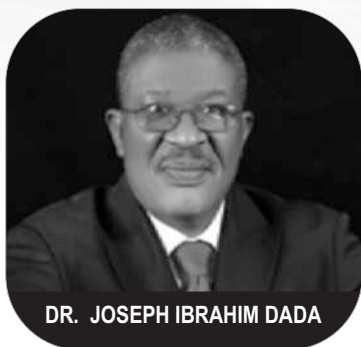
In 1997, Pfizer divested its interest in Livestock Feeds to Adset Limited through a Management Buy-out. First Capital Trust Limited and Cashcraft Asset Management were engaged as Turnaround Managers in 2005 and replaced Adset Limited as the Core investor in the company.

In late 2012, the company experienced another change in ownership when UAC of Nigeria Plc commenced investment interests by way of special placement. By Mid-2013, UAC of Nigeria Plc acquired controlling interest of over 51% in Livestock Feeds Plc.

In 2017, the Company offered by way of Rights Issue, One billion Ordinary Shares of 50kobo each at 75kobo per share on a basis of one new ordinary share for every two existing ordinary shares. UAC of Nigeria Plc participated in the Rights Issue which brought its total shareholding to 73.29% thus, retaining its position as the largest investor in the Company.



PROFILE OF DIRECTORS



DR. JOSEPH IBRAHIM DADA

Dr. Dada graduated from Ahmadu Bello University, Zaria with a B.Sc. (Hons) in Economics. He also holds a Masters' Degree in Marketing Management from the University of Lagos. He is a member of Advertising Practitioners Council of Nigeria (APCON) and a Fellow of the National Institute of Marketing of Nigeria (NIMN). He is an alumnus of the famous Kellogg School of Management, North Western University, Illinois, USA.

He started his career with UAC of Nigeria / Unilever in 1983 and held several positions as Product Group Manager, Export Business Manager (Asia, Australia and Eastern Europe), Divisional Ice Cream Director and Acting Divisional Managing

Director, Fast Foods.

He was the Managing Director of Grand Cereals Limited, a subsidiary of UAC, from 1999 to 2010. He was thereafter elevated to the Executive Management of UAC as Group Executive Director, Corporate Services with responsibility for Human Resource, Marketing and Strategy, a position he held until his retirement after 35 years of meritorious service in July 2018.

He was on the Boards of a number of companies within the UAC Group in a non-executive capacity. These included UAC Foods Limited, UAC Restaurants Limited, UNICO (CPFA) Limited and he was the Chairman of Warm Springs Waters Nigeria Limited. He also served on the Board of Grand Cereals Limited as a Non-Executive Director and Chairman of its Audit, Risk and Governance Committee until August 2020.

He led the Manufacturers Association of Nigeria (MAN) during the period, 2004 to 2009 as Chairman of Bauchi, Benue, Gombe, Nasarawa and Plateau States Branches.

Dr. Dada holds a Doctoral Degree in Business Administration and was appointed by the Federal Government of Nigeria to serve on the Governing Council of Federal Polytechnic Offa from 2007 to 2010. He joined the Board of Livestock Feeds on May 2019 and he is currently the Non-Executive Chairman. He sits on the Council of the Nigerian British Chambers of Commerce (NBCC) where he chairs the Micro, Small and Medium Enterprises (MSME) sectorial group.



MR. ADEGBOYEGA ADEJEJI

Mr. Adejeji is the Managing Director and Chief Executive Officer (MD/CEO) of Livestock Feeds. He holds a Bachelor's Degree in Geography from Obafemi Awolowo University, Ile Ife and a Master of Business Administration from the University of Roehampton, United Kingdom. He has attended numerous leadership courses at top global and local business schools.



PROFILE OF DIRECTORS (CONT'D)

Prior to his appointment as MD/CEO, Mr. Adedeji was the General Manager, Sales and Operations of the Company and played a pivotal role in the expansion of the Company's market position as well as development of new products. He has held several managerial positions within the UACN Group.

In 2001, he worked as the Regional Sales Manager in Grand Cereals Limited and became the Procurement Manager a year later. He was moved to the UAC Group office in 2007 as the Training Service Manager, a position he held until 2009 before assuming the role of the Franchise Sales Manager at UAC Restaurant Limited between 2009 and 2010.

Mr. Adedeji was on the management team of UAC Foods Limited as the National Sales & Marketing Manager in December 2010 and ultimately became the Sales Operations Manager in 2013 after the Company's merger with South African food brand – Tiger Brands Limited.



MR. ABAYOMI ADEYEMI

Yomi Adeyemi is a graduate of Mathematics / Statistics with over twenty years of diverse finance and entrepreneurial experience in Corporate & Investment Banking, Stockbrokerage & Asset Management, Real Estate Development and Strategic Business Turnaround. He is a Fellow of both the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Stockbrokers. He is also a CFA Charterholder and an alumnus of the Lagos Business School Executive Programme. Yomi has PGD certificate in Law (Corporate Law) from the prestigious University of London. He has attended various training programmes in finance, leadership and corporate governance internationally including the Harvard Business School.

He started his banking career with Merchant Bank of Commerce (MBCOM) in 1998. He left in 2000 to join the Corporate Banking Division of Lead Merchant Bank. Whilst at Lead Bank, he also worked in the Investment Banking Group that participated in various landmark capital market transactions during the privatisation programme of the Federal Government of Nigeria. He was later seconded to the brokerage arm of the Bank (Lead Investments & Securities Limited) to revamp its dwindling fortune.

Yomi left the Lead Bank Group in 2004 to work with Core Trust & Investment Limited as Head, Financial Advisory Group, a position he held till 2008, when he led other investors to acquire majority stake in Fortress Capital Limited, a business he has been managing as the CEO since 2008. He was elected as Member to the Council of the Nigerian Stock Exchange to represent the stockbroking community in 2018 and played an active role in the successful demutualisation of the Exchange 2021. He currently serves as Non-Executive Director of Nigerian Exchange Limited.



PROFILE OF DIRECTORS (CONT'D)

He has other business interests spanning Real Estate, Logistics, Media & Advertising. He currently sits on the board of Benin Electricity Distribution Plc, BDT Properties and Development Company Limited, Exito Logistics Limited and Connect Marketing Services Limited in non-executive capacities.

Yomi is a finance expert with strong analytical and problem-solving abilities and a consummate business leader. He actively plays soccer, squash and chess. He volunteers for Life Changers Foundation, a non-profit organisation dedicated to assisting the less privileged using Education, Vocation & Enterprise.

He joined the Board of Livestock Feeds on 26th October 2017 as an Independent Non-Executive Director and chairs the Governance and Remuneration Committee of the Board. He is also a member of the Statutory Audit Committee and the Risk Management Committee of Board.



MR. ADEBOLANLE BADEJO

Mr. Badejo is a results-oriented investment professional experienced in advising Companies on strategy, corporate finance, and capital allocation. He currently serves as Managing Director of UAC Restaurants Limited. He served as a Non-Executive Director at UAC Foods Limited and UAC Restaurants Limited. Prior to his current role, he served an Investment Executive at UAC of Nigeria Plc where he was responsible for managing the Group's interests in the Food and Beverage sectors. Mr. Badejo also served as a Principal at Themis Capital Management (Themis), an active investment company focused on concentrating capital, talent and expertise on a select number of long-term investments in companies that will benefit from

Africa's demographic trends.

Prior to joining Themis in 2018, Debola spent over 10 years as a Corporate Finance Executive in various leading investment banks, including Standard Bank in Lagos, London and Johannesburg, where he executed merger & acquisitions, restructuring and capital raising transactions across Sub-Saharan Africa; and Morgan Stanley in New York, where he worked on multi-billion dollar transactions for large corporates across North America. Debola graduated with a B.Sc in Systems Engineering from the University of Virginia in May 2008, and holds MBA degrees from both Columbia Business School and London Business School through the schools' Joint Global Executive MBA program. He joined the Board of Livestock Feeds on 1st June 2020.



PROFILE OF DIRECTORS (CONT'D)



MR. PETER B. MOMBAUR

Mr. Mombaur, a German, holds qualifications in Mechanical Engineering, Law and Economics. He is currently the Chairman of UAC Foods Limited, UAC Restaurants Limited, both subsidiary Companies of UAC of Nigeria Plc (UAC), a Non-Executive Director of MDS Logistics Limited, an associated Company of UAC.

He is a Co-founder of Themis Africa, an Investment Company with the aim of doing highly concentrated investments into long term platform, companies with high hands-on approach to value creation. He is also a Co-founder of The African Leadership Academy in Johannesburg, whose main objective is to develop the future leaders of Africa. He served as a Director on the Board of Promasidor, an African FMCG Company for more than ten years.

His other work experience includes – Chief Executive Officer of Terra Education, a San Diego based education travel Company; Co-Managing Director of Tana Africa, a consumer focused African Investment Company; McKinsey & Company and RWE Group, Germany's biggest utility Company.

Mr. Mombaur joined to the Board of Livestock Feeds on 22nd April 2022 and chairs the Board Risk Management Committee.



MRS. TEMITOPE OMODELE

Mrs. Omodele is a finance professional with over 15 years of experience. She is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of Chartered Certified Accountants (ACCA). She holds an MBA from Lagos Business School, a BSc. in accounting from the University of Lagos and a diploma in IFRS.

She started her career at KPMG Professional Services where she provided technical accounting, audit and assurance services to Companies in multinational and local entities in various sectors. While at KPMG, Temitope was seconded to the Department of Professional Practice in KPMG Inc. South Africa. On her return to Nigeria, she, along with other team members, pioneered the Department of Professional Practice for KPMG Professional Services Nigeria.

Temitope joined UAC of Nigeria PLC in September 2020 as its technical accounting and reporting lead and now serves as Senior Vice President, Finance with responsibility for overseeing the finance operations of the Company, group reporting, providing strategic accounting and tax advice, and supporting its corporate finance and investor relations teams.

Mrs. Omodele joined the Board of Livestock Feeds on 26th October 2022 and she is a member of the Board of Governance and Remuneration Committee.

DIRECTORS, PROFESSIONAL ADVISERS, ETC

LIVESTOCK FEEDS PLC



...quality feeds nationwide

BOARD OF DIRECTORS.

Dr. Joseph I. Dada	-	Non-Executive Chairman
Mr. Adegboyega Adedeji	-	Managing Director / CEO
Mr. Abayomi Adeyemi	-	Independent Non-Executive Director
Mr. Adebolanle Badejo	-	Non-Executive Director
Mr. Daniel Obaseki	-	Non-Executive Director (retired wef August 31, 2022)
Mr. Peter B. Mombaur	-	Non-Executive Director (appointed wef April 22, 2022)
Mrs. Temitope Omodele	-	Non-Executive Director (appointed wef October 26, 2022)

SECRETARY:

Mrs. Rose Joshua Hamis

REGISTERED OFFICE:

1, Henry Carr Street
P. M. B. 21097
Ikeja, Lagos
Tel- + 234-8077281600
Website: www.livestockfeedsplc.com
E-mail: info@livestockfeedsplc.com

REGISTRATION NUMBER:

RC 3315

INDEPENDENT AUDITOR:

KPMG Professional Services
KPMG Tower, Bishop Aboyale Cole St,
Victoria Island, Lagos
Nigeria.

Tel +234 (1) 2718955
Website: home.kpmg/ng

REGISTRARS:

Cardinal Stone (Registrars) Limited
335/337, Herbert Macaulay Way
Yaba, Lagos.
Tel- +234 (1) 7120090
Website: www.cardinalstoneregistrars.com

BANKERS:

Access Bank Plc
First Bank of Nigeria Ltd
First City Monument Bank Plc
Guaranty Trust Bank Ltd
Stanbic IBTC Bank Plc
Union Bank of Nigeria Plc
Zenith Bank Plc



FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2022

	DEC. 2022 N'000	DEC. 2021 N'000	Growth %
Revenue	16,410,221	14,640,268	12%
(Loss)/Profit before taxation	(781,392)	565,133	-238%
(Loss)/Profit after taxation	(822,218)	429,697	-291%
AT YEAR END			
Share capital	1,500,000	1,500,000	0%
Total Equity	1,680,257	2,502,474	-33%
PER 50K SHARE DATA Based on 2,999,999,418 ordinary shares of 50k each			
Earnings per share	(27.41)k	14.32k	-291%



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 59th **ANNUAL GENERAL MEETING** of the Members of **LIVESTOCK FEEDS PLC** will be held at Festival Hotel, Diamond Estate Amuwo Odofin, Lagos State on Wednesday 19th July, 2023 at 10.00am to transact the following businesses:

ORDINARY BUSINESS

1. To lay before the Members, the Report of the Directors, the Financial Statements of the Company for the year ended December 31, 2022 together with the Reports of the Auditors and the Audit Committee thereon.
2. To re-elect the following Directors retiring by rotation:
 - i. Dr. Joseph I. Dada
 - ii. Mr. Abayomi Adeyemi
3. To elect Mrs. Temitope Omodele as a Non-Executive Director
4. To authorize the Directors to fix the remuneration of the Auditors for the financial year ending 2023.
5. To elect members of the Statutory Audit Committee
6. To disclose the Remuneration of Managers of the Company

SPECIAL BUSINESS

7. To fix the remuneration of the Directors
8. To renew the general mandate given to the Company to enter into recurrent transactions with related parties.

Voting by Interested persons: In line with the provisions of Rule 20.8(h) Rules Governing Related Party Transaction of Nigerian Exchange Limited, interested persons have undertaken to ensure that their proxies, representatives, or associates shall abstain from voting on resolution 8 above.

9. To consider and if thought fit, approve the following as a special resolution of the Company:
“ That, both the Memorandum and Articles of Association of the Company be and are hereby amended by altering same in the manner indicated in Annexure 1 to the Notice of Annual General Meeting, to reflect the new amendments introduced by the Companies and Allied Matters Act, 2020 and the Companies Regulations, 2021.

“ That the Company Secretary be and is hereby authorized to file the requisite returns at the Corporate Affairs Commission Abuja to give effect to the foregoing resolution”.

Dated this 6th day of May 2023

BY ORDER OF THE BOARD

ROSE JOSHUA HAMIS (MRS)
 AG. COMPANY SECRETARY
 FRC/2013/ICSAN/00000002356

Registered Office

1, Henry Carr Street, Ikeja.
 Lagos State Nigeria





NOTES

PROXY

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A proxy form must be completed and deposited at the office of the Company's Registrar, Cardinal Stone (Registrars) Limited, 335/337, Herbert Macaulay Way, Yaba, Lagos or send via email to registrars@cardinalstone.com not later than 48 hours before the time fixed for the meeting.

CLOSURE OF REGISTER AND TRANSFER BOOKS

The Register of Members and Transfer Books will be closed from Monday July 3, 2023 to Friday July 7, 2023 both days inclusive for the purpose of updating the Register of Members.

NOMINATION TO THE STATUTORY AUDIT COMMITTEE

Pursuant to Section 404(3) of the Companies and Allied Matters Act 2020, the Audit Committee Committee shall consist of five members comprising of three members and two non-executive directors. Section 404 (5) has mandated that all members of the audit committee shall be financially literate, and at least one member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly. Any member may nominate another member of the company to the audit committee by giving written notice of such nomination to the secretary of the company at least 21 days before the annual general meeting and any nomination not received prior to the meeting as stipulated is invalid.

RIGHT OF SECURITIES' HOLDERS TO ASK QUESTIONS

Shareholders and other holders of the Company's securities have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before Friday July 14, 2023.

UNCLAIMED SHARE CERTIFICATES AND DIVIDEND WARRANTS

Shareholders are hereby informed that a sizeable quantity of share certificates and dividend warrants have been returned to the Registrars are unclaimed. Some dividend warrants have neither been presented to the Bank for payment nor to the Registrar for revalidation. Affected members are advised to contact the Registrars, Cardinal Stone (Registrars) Limited) at 335/337, Herbert Macaulay Way, Yaba, Lagos during normal business hours, email them at registrars@cardinalstone.com or call them on 01-7120090.



RECORD OF DIRECTOR'S ATTENDANCE AT BOARD MEETINGS.

In accordance with Section 301 of the Companies and Allied Matters Act 2020, the register of Directors and record of Directors' attendance at Board Meetings during the year 2022 will be available for inspection at this Annual General Meeting.

DIRECTORS RETIRING BY ROTATION

In accordance with the Articles of Association of the Company, Dr Joseph I. Dada and Mr Abayomi Adeyemi are the Directors retiring by rotation at the meeting and being eligible have offered themselves for re-election.

Also in accordance with the Law, Mrs. Temitope Omodele, having been appointed to the Board since the last Annual General Meeting, offers herself for election at this meeting.

The biographical information of the Directors submitted for re-election and election are contained in the Annual Report and on the Company's website at www.livestockfeedsplc.com

E- ANNUAL REPORT

The electronic version of the Company's 2022 Annual Report is available at the Company's website www.livestockfeedsplc.com shareholders who have provided their email-addresses to the Registrars will receive the electronic version of the Annual Report through e-mail. Furthermore, shareholders who are interested in receiving the electronic version of the Annual Report should please make a request by email to the Registrar at registrars@cardinalstone.com

E-DIVIDEND/BONUS

Pursuant to the directives by the Securities and Exchange Commission, notice is hereby given to all shareholders to open bank accounts, stock-broking accounts and CSCS accounts for the purpose of e-dividend/bonus. A form is attached to the Annual Report for completion by the shareholders to furnish the particulars of their accounts to the Registrar (Cardinal Stone Registrars Limited) as soon as possible.



ANNEXURE 1

S/N	CLAUSES	AMENDMENT PROPOSED	NEW PROVISION/ LANGUAGE
1.	Preliminary	To be amended	None of the regulations contained in the Twenty Second Schedule (Model Articles for Public Companies) of the Companies Regulations 2021 shall apply to this Company, except so far as embodied in any of the following Articles, which shall be the regulations for the management of the Company.
2.	Interpretation	Reference to CAMA 1990 to be amended to CAMA 2020	“The Act” means the Companies and Allied Matters Act No 3, 2020 (as may be amended or repealed from time to time).
3.	Interpretation	To change “The Nigerian Stock Exchange” to the “Nigerian Exchange Limited”	“The Stock Exchange” means the Nigerian Exchange Limited (NGX) or any recognized Stock Exchange on which any security of the Company is for the time being quoted.
4.	Interpretation	To include definition on electronic form.	<p>electronic form” means:</p> <p>(ii) documents or information sent or supplied by electronic means for example by email or software by other means while in an electronic form (for example sending disk by post), and references to electronic copy shall have a corresponding meaning. A document or information is sent or supplied by electronic means if it is sent initially and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data and entirely transmitted, conveyed and received by wire, by radio, by optical means or by electromagnetic means; references to electronic means shall have a corresponding meaning;</p> <p>(ii) a document or information authorized or requested to be sent or supplied in an electronic form must be sent or supplied in a form and by a means the sender or supplier reasonably considers will enable the recipient to read and retain a copy of it; and for this purpose, a document or information can be read only if it can be read with the naked eye, or to the extent that it connotes images (for example photographs, pictures, maps, plans or drawings) it can be seen with the naked eyes;</p>
5.	Regulation 10	To be amended to provide for members to receive certificate within three months of transfer of shares	Every certificate for shares or debentures or representing any other form of security (other than letters of allotment or script certificates) shall be under the seal and shall bear the autographic signatures of one or more Directors and the Secretary but so that the Directors may be resolution determine either generally or in any



			particular case, that the signature of any Director or of the Secretary may be affixed by some mechanical means to be specified in such resolution, provided that the use of such means is by such resolution restricted to certificates which have first been approved for sealing by the Company. A member who has transferred part of his shares comprised in a share certificate shall be entitled to receive without payment and within three months after the lodgment of the transfer of the shares transferred, a certificate in respect of the shares not transferred. If a share certificate be defaced, lost or destroyed it may be renewed on payment of such sum not exceeding ten kobo and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company of investigating evidence as the Directors think fit.
6.	Regulation 23	To be amended to include provisions for electronic transfer.	(a) Subject to such of the restrictions of these Articles as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form, <u>including electronic transfer</u> or any other form which the Directors may approve.
7.	Regulation 24	To be amended to reflect the exact provisions of CAMA 2020	No fee shall be payable to the Company in respect of the registration of any transfer lodged for registration.
8.	Regulation 44	To be amended to comply with Section 127(1) of CAMA as amended by the Business Facilitation (Miscellaneous Provisions) Act 2022 (“BFA”),	The Company may from time to time by Ordinary resolutions increase the share capital by such sum, to be divided into shares of such amount as the resolution shall prescribe. <u>“Notwithstanding the foregoing, the board of directors may approve the increase in share capital by such sum as may be approved by the shareholders at a general meeting.”</u> <u>Subject to the provisions of the Act, the Company may accept such considerations, whether (i) cash, (ii) valuable consideration other than cash or (iii) partly cash and partly a valuable consideration other than cash, in exchange for the issuance of its shares.</u>
9.	Regulation 47	To be amended to provide for electronic general meeting	The Company shall in each calendar year hold a general meeting as its Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it; and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual



			<p>General Meeting shall be held at such time and place as the Directors shall appoint.</p> <p>Any general meeting of the Company may be held virtually by means of a tele-conference, video-conference or other electronic/virtual communication means, which allows all those participating in the meeting to hear and speak to one another.</p> <p>Any Member so participating shall be counted as present in person at such meeting for the purposes of quorum and attendance and shall be entitled to vote at such meeting through any electronic/virtual channel provided by the Company.</p>
10.	Regulation 50(3)	To be amended to insert Paragraph (3) to provide for notice by electronic email.	In addition to the notice given personally or by post, notice may be given by electronic mail to any member who has provided the Company an electronic mail address.
11.	Regulation 51	To be amended to exclude bad faith by officers of the Company	The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at that meeting, unless the officers of the Company responsible for the error acted in bad faith or failed to exercise due care and diligence.
12.	Regulation 52	To be amended to reflect the exact provisions of CAMA 2020	All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, the election of Directors in the place of those retiring and the appointment of, the fixing of or the determination of the manner of fixing of the remuneration of, the Auditors and the appointment of members of the audit committee and the disclosure of remuneration of managers of the Company and such other matters as may be required by the Act which shall be ordinary business.
13.	Regulation 56	To be amended to comply with Section 265(1) of CAMA 2020	If at any meeting no Director is willing to act as Chairman or if no Director is present within one hour after the time appointed for holding the meeting. The members present shall choose one of their number to be Chairman of the meeting.
14.	Regulation 57	To be amended to comply with Section	The chairman may, with the consent of any meeting at which quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to



		264 (1) and (2) of CAMA	time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting . Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
15.	Regulation 58	To be amended to recognize electronic voting	At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands or electronic voting unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-
16.	Regulation 68	To be included as a second paragraph of Regulation 68	<u>The instrument appointing a proxy shall be duly stamped in accordance with the Stamp Duties Act Cap S8 LFN 2004 (as amended from time to time).</u>
17.	Regulation 69	To be included to comply with section 254(7) of CAMA	The instrument appointing a proxy and the power of attorney or other authority, under which it is signed or a certified copy of that power or authority is deposited at the registered office or head office of the Company or at such other place within Nigeria as is specified for that purpose in the notice convening the meeting, at least 48 hours before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, at least 24 hours before the time appointed for the taking of the poll, and if defaulted, the instrument of proxy shall not be treated as valid.
18.	Regulation 79	To be amended to comply with the requirements of the NGX	The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party. Provided that the aggregate amount for the time being remaining undischarged of monies borrowed or secured by or on behalf of the Company (apart from temporary loans obtained from the Company's banks in the ordinary course of business) shall not at any time without the previous sanction of the Company in general meeting exceed one and half times



			<p>the aggregate of the paid-up share capital of the Company and of its reserves. For the purpose of the said limit, the issue of debentures shall be deemed to constitute borrowing notwithstanding that the same may be issued in whole or in part for a consideration other than cash.</p> <p>No lender or other person dealing with the Company shall be concerned to see or enquire whether the said limit is observed. No debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security given that the limit hereby imposed has been or was thereby exceeded.</p>
19.	Regulation 88	To be amended to reflect the exact provisions of CAMA 2020	If the number of Directors is not a multiple of three then the number nearest to but not exceeding one third shall retire from office.
20.	Regulation 93	To be included to provide for increase or reduction of number of directors	The Company may from time to time by ordinary resolution increase or reduce the number of Directors and may also determine in what rotation the increased or reduced number is to go out of the office.
21.	Regulation 94	To reflect the provisions of Section 274 of CAMA 2020	The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.
22.	Regulation 97	To be amended to provide for virtual meetings of directors	The Directors may meet together physically or virtually for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote.



23.	Regulation 98	To be amended to provide for fourteen days for notice of meeting of directors and for notice to be given by email	The chairman may, and the secretary shall, on the requisition of the Chairman or of any two Directors, at any time summon a meeting of the Directors. Unless all the Directors shall agree to waive due notice in any particular instance, fourteen days' notice at the least shall be given of every meeting of Directors. Every such notice shall be in writing and shall state the general nature of the business to be conducted thereat and may (and shall in the case of a Director resident outside Nigeria) be sent by email.
24.	Regulation 119	To be amended to provide for direction on payment of dividend, bonus issues, distribution of assets and other related matters.	Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may fix the value for distribution of such specific assets or any part hereof and may determine that cash payment shall be made to any members up to the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.
25.	Regulation 126	To be amended to include provisions for sending electronic copy of accounts to Members and others.	A printed and or electronic copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the auditors' report, shall not less than twenty-one days before the date of the meeting be sent to every member of and every holder of debentures of, the Company and to every person registered under Article 31 and two copies of each of these documents shall be sent to the Secretary of the Nigerian Exchange Limited. and the Securities and Exchange Commission as well as any other regulator required by law. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures. Electronic copy means a method of electronic communication which includes, but is not limited to facsimile, electronic data message (including but not limited to e-mail), bulletin board communications, internet websites, electronic documents, electronic spreadsheet, print portable document file (pdf), hypertext markup language (html) or similar text displayed



			via a web browser, electronic data interchange (EDI), compact disc, memory stick, flash drive and computer network communications.
26.	Regulation 130	To be amended to include provision for electronic mail.	A notice (which expression for the purposes of these presents shall be deemed to include, and shall include, any summons, notice, process, order, judgment or any other document in relation to, or in the winding up of, the Company) may be given by the Company to any member either personally or by sending it by post to him at his last registered address or by sending it to an email provided to the Company by any member. In the event of the member's last registered address being outside Nigeria such notice shall be sent by electronic mail, airmail or by telegram, telex, radiogram or cable to him at his registered address. Notice may only be sent by electronic mail to any member who has provided the Company with an electronic mail address.
27.	Regulation 134	To be amended to include paragraphs (d) and (e)	(d) Every Director of the Company (e) the Secretary
28.	Regulation 136	To be amended to provide for indemnification of key officers.	Every Director, Managing Director, agent, auditor, Secretary, and other officers for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in the execution and discharge of the duties of his office.
29.	Regulation 137	To be amended to provide for purchase of the Company's shares including redeemable shares.	The Company may purchase its own shares including redeemable shares provided that the shareholders, shall by special resolution approved the acquisition by the Company of the shares it intends to purchase.
30.	General		All references to the provisions of CAMA Cap 2004 LFN 2004 and Decree be amended to refer to equivalent provisions in CAMA 2020. All cross references in the Articles to be updated following the renumbering of the Articles.



CHAIRMAN'S STATEMENT



DR. JOSEPH IBRAHIM DADA

Good morning distinguished Shareholders,

I have great pleasure in welcoming you, Members of the Board of Directors, Ladies and Gentlemen to the 59th Annual General Meeting of our company, Livestock Feeds PLC.

This year marks the first time in three years that we are holding a physical Annual General Meeting (AGM). This affords us a face-to-face interaction following the recovery from COVID-19 pandemic. I am indeed delighted to see everyone safe and in good health. I want to appreciate every one of you for your unwavering commitment to your company- Livestock Feeds Plc- over the years. This has given us the courage to keep on even in the face of daunting challenges.

Early in the year 2022, countries began to fully open up for businesses and travels following recovery from the COVID-19 pandemic. While the dust of the pandemic was still settling, the Russia –Ukraine invasion took centre stage. This unprecedented conflict had far-reaching effects on businesses and individuals all over the world. Prices of goods and services reached new heights and inflation soared in many countries to an all-time high. This led to economic contraction in most countries, especially in Africa. To mitigate these challenges, Livestock Feeds Plc improved its process optimization mechanism and focused on delivering quality services.

ECONOMIC AND BUSINESS ENVIRONMENT

Following the invasion of Ukraine by Russia, the Nigerian economy was heavily impacted particularly resulting from the shortages and the attendant astronomical increase in the costs of raw materials. With inflation rising to a decade high, the Central Bank of Nigeria (CBN) was forced to tighten consumer spending by adjusting the interest rate upwards. The interest rate rose to 16.5% at the end of the year from 11.5% at the beginning of March 2022. This added further pressure on businesses as the cost of funding rose sharply. The foreign exchange (FX) regime and the increasing debt burden of the government was shrouded with so much uncertainty leading to waning confidence of many investors in the economy.

The business environment was also strongly affected by the rising insecurity across the country which stemmed from increased clashes between farmers and herders, high rate of kidnapping and ransom taking, banditry and insurgency as well as incessant attacks on major agrarian communities.

The experience of flooding in most parts of the country especially in the third and early part of fourth quarter of the year also posed a major challenge for businesses. Supply chain was heavily disrupted as goods spent weeks from the point of production to reaching the market. This was further worsened by the scarcity and increased prices of diesel. Diesel prices rose by over 200% within the year. This resulted in the escalation of the landing cost of products which further aggravated the burden of farmers, most of whom were forced out of business.



CHAIRMAN'S STATEMENT (CONT'D)

Reports by the National Bureau of Statistics (NBS) showed that Nigeria's real GDP in 2022 stood at N74.64 trillion representing an annual growth rate of 3.10% compared to the 3.4% reported in 2021. The Agriculture and Industrial sectors were most impacted with both recording negative GDP growth relative to previous year while service sector improved in 2022.

THE FEED MILLING INDUSTRY

A recent report by the Nigerian Institute of Animal Science projected Nigeria's Livestock sector as a N30 trillion industry. Unfortunately, the industry has been plagued with the spread of infectious diseases such as Avian influenza (AI) in poultry, Africa swine fever (ASF) in pigs and Bovine spongiform encephalopathy (BSE) in cattle leading to huge economic losses.

As part of our strategy, your company continuously propagated the message of sustainable farming using its several schemes like Farmers fora, spot clinics and stakeholders' engagement programmes to intimate farmers on biosecurity and best management practices.

The Animal Feed sub sector contributes immensely to the overall output of the Livestock industry. Overall, feeds account for about 75% of the total input cost in livestock and poultry farming. As mentioned earlier, the spate of insecurity across the country continued to negatively affect the production and supply of raw materials for the feed mill industry mostly resulting in shut-downs and inefficiencies.

2022 OPERATING RESULTS

We recorded a total revenue of N16.4 billion as against N14.6 billion in the previous year representing a 12% increase over 2021. We however recorded a pre-tax loss of N781.3 million compared to N565.1 million profit in 2021. The Key reasons for the loss in the current year are highlighted below:

- The business recorded a very sharp drop in product margins particularly in Q3 and Q4 2022 due to the high cost of raw materials especially vegetable protein (Soya bean Meal) and energy source (Maize). The Russian-Ukraine war led to an all time high price of Wheat Offal which increased by over 200% relative to prior year, while unfavorable foreign exchange rates affected the prices of imported feed additives such as Methionine and Lysine
- Steep energy costs especially diesel with over 200% increase also impacted negatively on the gross margins which declined from 10.8% in 2021 to 4.2% in 2022.
- Exorbitant cost of funds hampered our business operations as we were unable to access low-interest loans. The borrowing cost increased significantly by 186% compared to 2021
- The company invested in a more sophisticated accounting software - SAP S4 HANA in the course of the year with a view to enhancing operational efficiency and financial reporting. The benefits of this value addition is beginning to accrue for the business.

2023 OUTLOOK

The general elections of February 2023, the Central Bank of Nigeria's (CBN) Cash Swap Policy and the acute shortage of Premium Motor Spirit largely slowed down business activities in the early parts of the year. The policy thrusts of the new government and the on-going Russia- Ukraine war will to a great extent influence Nigeria's socio-political and macro-economic headwinds.

As inflation continues to rise, the CBN is expected to further hike interest rate in a bid to tame consumer spending. This is expected to affect businesses as cost of borrowing continues to



CHAIRMAN'S STATEMENT (CONT'D)

increase while individual's purchasing power declines.

The International Monetary Fund (IMF) has projected a 3.2% GDP growth rate for Nigeria in year 2023. This may dip further because of the impact of the CBN's cashless policy evidenced by the tepid 2.31% growth recorded in the first quarter of 2023. The Naira is also projected to depreciate further except the new administration quickly implements the right mix of policies that could boost investors' confidence in the economy.

Agricultural commodities and input prices are forecasted to sharply increase due mainly to the subsisting macroeconomic environment earlier mentioned. The heightened insecurity in the food belts of Nigeria is also expected to lead to further supply chain disruption. This is anticipated to put additional pressure on the already overburdened agricultural sector of the economy.

To mitigate these challenges and stay relevant in business during the year, Livestock Feeds Plc has initiated strategies and initiatives aimed at increasing value addition to customers and improving operational efficiency. Focus would also be on cost containment and the enhancement of brand awareness and supply management. The company will in addition embark on innovative projects to meet the varying needs of our farmers and distributors.

Overall, these measures would help to develop long-term value for shareholders. The Board is assiduously working and continuously sharing experience with the senior leadership team to ensure that the required focus and implementation of strategic thrusts are effectively achieved.

BOARD CHANGES

As part of efforts to ensure the Board consistently delivers on its mandate and to also achieve gender balance, Mrs. Temitope Omodele was appointed as a non-executive director with effect from 22nd October 2022. Her expertise in corporate finance and investment will be of great value and it is my pleasure to welcome her on your behalf to the Board.

I would also like to thank Mr. Daniel Obaseki for his diligence, commitment and invaluable contributions during his tenure as a member of the Board and to wish him well in his future endeavors. He resigned from the board with effect from 31st August 2022.

CONCLUSION

I would like to sincerely appreciate you, our esteemed shareholders, and the members of the Board of Directors for your steadfastness, perseverance and commitment towards ensuring our dear company remains consistently on the path of growth and profitability.

To all our customers, we appreciate your unalloyed loyalty and continued patronage of our brands. We are equally thankful to the management and staff of our company for their dedication and resoluteness of purpose in ensuring that our business stay enduring and competitive.

Dr. Joseph I. Dada
Chairman, Board of Directors



REPORT OF THE DIRECTORS

FOR YEAR ENDED 31 DECEMBER, 2022

The Directors hereby submit their report to Members together with the audited financial statements of the Company and independent auditor's report for the year ended 31 December 2022.

RESULTS

	2022 N'000	2021 N'000
Revenue	16,410,221	14,640,268
Gross profit	696,394	1,578,174
(Loss)/Profit before minimum taxation	(781,392)	565,133
Minimum tax expense	(82,830)	(73,2 01)
(Loss)/Profit after minimum taxation	(864,222)	491,932
Income tax credit/(expenses)	42,004	(62,235)
(Loss)/Profit for the year	(822,218)	429,697
Basic earnings per share	(27.41)Kobo	14.32 Kobo

LEGAL FORM

The Company was incorporated as a limited liability Ccompany on 20 March 1963 and was quoted on the Nigerian Stock Exchange in 1978.

PRINCIPAL ACTIVITY

The principal activity of the Company is agriculture. The Company is engaged in the manufacturing and marketing of livestock feeds and concentrates.

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report provides clear information on the Company's governance structures, policies and practices as well as environmental and social risks and opportunities. The Board recognizes that effective governance is a key imperative for strong corporate performance and sustainable success of the Company.

The Corporate Governance of Livestock Feeds Plc (LSF or the Company), is organized in accordance with the provisions of the Memorandum and Articles of Association of the Company, applicable statutory provisions such as the Companies and Allied Matters Act, Investment and Securities Act, Codes of Corporate Governance, the Rules and Regulations of the Securities and Exchange Commission, and the Nigerian Exchange Limited.

Our corporate governance strategy ensures ongoing compliance with relevant codes of corporate governance as well as the post listing requirements of the Nigerian Exchange Limited.



REPORT OF THE DIRECTORS (CONT'D)

LSF is a Company of high integrity and ethical standard. Our reputation for honest, open and dependable business conduct, built over the years, is as much an asset as our people and brand. We are committed to conducting our business in full compliance with the laws and regulations of Nigeria and our group Code of Business Conduct. Our actions and interactions with customers, employees, government officials, suppliers, shareholders and other stakeholders reflect our values, beliefs and principles.

THE BOARD OF DIRECTORS

Under the Articles of Association of the Company, the business of the Company shall be controlled and managed by the Directors, who may exercise all such powers of the Company as are not by statute or the Articles to be exercised by the Company in the general meeting.

The Board is responsible for developing the Company's strategy and ensuring that its available assets are utilized towards the attainment of its set strategy and plans. The Board performs supervisory oversight over management activities ensuring that the affairs of the Company are conducted in a manner that increases the value of shareholders' investments and is also beneficial to all other stakeholders of the Company. The Board provides overall guidance and policy direction to the Management and acts in the overall interest of stakeholders and is accountable to the shareholders. The Board prides itself with a blend of knowledgeable and experienced professionals with credible track record.

The Board of Directors of Livestock Feeds is made up of five (5) Non-executive Directors (one of whom is independent), and the Managing Director/CEO. The Board is headed by a Non-Executive Chairman who is separate from the Managing Director, who heads the Management of the Company.

The current Directors of the Company are as follows:

Dr. Joseph Ibrahim Dada	-	Non-Executive Chairman
Mr. Adegboyega Adedeji	-	Managing Director/CEO
Mr. Abayomi Adeyemi	-	Independent Non-Executive Director
Mr. Adebolanle Badejo	-	Non-Executive Director
Mr. Peter Mombaur	-	Non-Executive Director
Mrs. Temitope Omodele	-	Non-Executive Director



REPORT OF THE DIRECTORS (CONT'D)

The following are matters reserved for the Board of Directors of the Company:

- a) Formulation of policies, strategy and overseeing the management and conduct of the business;
- b) Formulation and management of risk management framework;
- c) Succession planning and the appointment, training, remuneration and replacement of Board members and senior management;
- d) Overseeing the effectiveness and adequacy of internal control systems;
- e) Overseeing the maintenance of the Company's communication and information dissemination policy;
- f) Performance appraisal and compensation of board members and senior executives;
- g) Ensuring effective communication with shareholders, stakeholders, the investing public;
- h) Ensuring the integrity of financial controls and reports;
- i) Ensuring good corporate governance and maintenance of ethical standards in the Company;
- j) Ensuring compliance with the Company's Memorandum and Articles of Association, applicable laws, regulations, standards and Code of Corporate Governance by the Company and its Business Units;
- k) Definition of the scope of delegated authority to Board Committees and management and their accountabilities, with the Board retaining overall responsibility for all matters delegated;
- l) Definition of the scope of corporate social responsibility through the approval of relevant policies;
- m) Reporting annually on the nature and extent of the Company's social, ethical, safety, health and environmental policies and practices;
- n) Approval and enforcement of a Code of Ethics and Business Practices for the Company and Code of Conduct for Directors;
- o) Protection of the statutory and general rights of all shareholders;
- p) Accountability and responsibility for the performance and affairs of the Company;
- q) Overseeing the Internal Audit Function, approving the Internal Audit Plan, and appointing and removing the Head of the Internal Audit Function on the recommendation of the Committee responsible for audit; and
- r) Providing oversight over Information Technology Governance.

BOARD APPOINTMENT

The Board appointment process is guided by transparent and high ethical standards. In other words, the process of appointment to the Board of Livestock Feeds is transparent and in accordance with relevant regulatory laws and guidelines. In compliance with the SEC Code of Corporate Governance 2011, the Nigerian Code of Corporate Governance 2018 and the Board Charter, the Directors are selected based on their skills, competence and experience.

The process of appointing Directors involves a declaration of a vacancy at a Board Meeting; sourcing of the curriculum vitae of suitable candidates depending on the required skills, competence



REPORT OF THE DIRECTORS (CONT'D)

and experience at any particular time, and the reference of the curriculum vitae to the Governance & Remuneration Committee for necessary background checks, informal interviews/interactions and recommendation for approval to the Board of Directors. Upon approval by the Board, the Nigerian Exchange, the Securities and Exchange Commission and the Corporate Affairs Commission are notified of the appointment of the candidate. A Director appointed by the Board is presented at the next Annual General Meeting of the members of the Company for election in line with statutory requirement.

DIRECTORS' INDUCTION AND TRAINING

Every newly appointed Director receives a comprehensive letter of appointment detailing the terms of reference of the Board and its Committees, the Board structure, Board plan for current year, his entitlements and demand on his time as a result of the appointment. The letter of appointment is accompanied with the Memorandum and Article of Association of the Company, previous year's Annual Report & Financial Statements and the Code of Corporate Governance for Public Companies in Nigeria. This helps the Director to gain an understanding of the Company, its history, culture, core values, governance framework, business principles, people, operations, brands, projects, policies, processes, procedures and plans.

A new Director undergoes an induction/orientation program whereby he is introduced to the members of the Board of Directors and leadership team of the Company. Operational visits are also arranged for the new Director to meet the leadership team and get acquainted with business operations.

CHAIRMAN AND MANAGING DIRECTOR/CEO POSITIONS

In accordance with good corporate governance practices, the positions of the Managing Director and that of the Chairman of the Board are occupied by different persons and while the Managing Director is responsible for implementation of the Company's business strategy and the day-to-day management of the business, the Chairman is not involved in the day-to-day operations of the Company and is not a member of any Committee of the Board.

NON-EXECUTIVE DIRECTORS

The Non-Executive Board members possess strong knowledge of the Company's business and usually contribute actively at Board meetings.

INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board has an independent Director who brings objectivity and independent judgment to board deliberations. In accordance with the Nigerian Code of Corporate Governance, the continued independence of the Independent Non-Executive Director is annually ascertained against set criteria.



REPORT OF THE DIRECTORS (CONT'D)

BOARD EVALUATION

A Board evaluation for the 2022 financial year was undertaken internally to review the performance of the Board, Board Committee and individual Directors. Save for the highlighted gaps, the Board of Directors of Livestock Feeds has substantially complied with corporate governance procedures and processes as stipulated in the SEC Code of Corporate Governance and the Nigerian Code of Corporate Governance.

BOARD CHANGES

During the year under review, Mr Daniel Obaseki resigned as Non-Executive effective August 31, 2022 and Mrs. Temitope Omodele was appointed as a Non-Executive Director effective October 26, 2022. The Nigerian Exchange Group, Securities and Exchange Commission and the Corporate Affairs Commission were notified of the changes.

RECORDS OF DIRECTORS' ATTENDANCE AT BOARD MEETINGS

The Board met five (5) times during the 2022 financial year. The following table shows the attendance of Directors at Board meetings during the financial year:

Name of Director	25/03/2022	22/04/2022	21/07/2022	26/10/2022	07/12/2022
Dr. Joseph Dada	P	P	P	P	P
Mr. Adegboyega Adedeji	P	P	P	P	P
Mr. Adebolanle Badejo	P	P	P	P	P
Mr. Peter B. Mombaur	YTBA	P	P	P	P
Mr. Abayomi Adeyemi	P	P	P	P	P
Mr. Daniel Obaseki	AWA	P	AWA	R	R
Mrs. Temitope Omodele	YTBA	YTBA	YTBA	P	P

Keys:

P	=	Present
YTBA	=	Yet To Be Appointed
AWA	=	Absent With Apology
R	=	Resigned



REPORT OF THE DIRECTORS (CONT'D)

In accordance with the Companies and Allied Matters Act, the record of Directors' attendance at Board meetings during the year will be available for inspection at the Annual General Meeting.

DIRECTORS RETIRING BY ROTATION

In accordance with the Articles of Association of the Company and Section 285 of the Companies and Allied Matters Act, Dr. Joseph Dada and Mr. Abayomi Adeyemi are the Directors retiring by rotation and being eligible have offered themselves for re-election.

Their biographical information are contained on pages 4 and 5 of the 2022 Annual Report and Financial Statements.

Also in accordance with the Law, Mrs. Temitope Omodele having been appointed to the Board since the last Annual General Meeting, retire at this meeting and offers herself for election.

Her biographical information is contained on page 7 of the 2022 Annual Report and Financial Statements.

BOARD COMMITTEES

The Board carried out its oversight function through its standing Committees, each of which has its own Charter and Terms of Reference that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board. In line with best practice, the Chairman of the Board is not a member of any of the Committee. The Board has two standing Committees, namely: the Risk Management Committee and the Governance and Remuneration Committee.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee is responsible for supporting and advising the Board on risk management and financial reporting in the Company among others. The Board has overall responsibility for risk management and its other terms of reference.

The following are the Committee's Terms of Reference:-

1. Assist the Board in its oversight of risk management and monitoring the Company's performance with regards to risk management;
2. Recommend for Board approval the risk policy of the company and review its implementation at all levels to achieve the company's objective
3. Ensure that risk management policies are integrated into the Company's culture;
4. Review quarterly risk management reports and make recommendation to the board on appropriate actions;



REPORT OF THE DIRECTORS (CONT'D)

5. Periodically evaluate the Company's risk profile, action plans to manage high risks and progress on the implementation of these plans;
6. Ensure that the Company's risk exposures are within the approved risk control limits.
7. Undertake at least annually a thorough risk assessment covering all aspects of the Company's business with a view to using the result of the risk assessment to update the risk management framework of the Company.
8. Understand the principal risk to achieving the Company's strategy.
9. Ensure that the business profile and plans are consistent with the Company's risk appetite.
10. Make recommendation on the Company's risks management framework including responsibilities, authorities and control.
11. Review the process for identifying and analyzing business level risks.
12. Review the structure for, and implementation of, risk measurement and reporting standards as well as methodologies.
13. Review key control processes and practices of the Company, including limit structures.
14. Ensure that the Company's risk management practices and conditions are appropriate for the business environment.
15. Assess new risk return opportunities.
16. Make recommendations to the Board on capital expenditure, specific projects and their financing within the overall approved plan.
17. Appraise the investment climate and recommend to the board where, when and what investment(s) to make with the company's surplus funds
18. Make recommendations on management of Company's cash and debt exposure/ borrowings.
19. Monitor compliance with applicable laws and regulations by the Company.
20. Review updates on implementation level of Internal and external Auditors' recommendations by management from Board representatives on the Audit Committee.

The Committee met three (3) times during the financial year. The following table shows Members' attendance at the meetings:

MEMBERS	20/04/2022	19/7/2022	21/10/2022
Mr. Peter B. Mombaur (Chairman)	P	P	AWA
Mr. Adegboyega Adedeji	P	P	P
Mr. Abayomi Adeyemi	P	P	P
Mr. Daniel Obaseki	AWA	P	R

Keys

P: Present

R: Resigned

AWA: Absent With Apology



REPORT OF THE DIRECTORS (CONT'D)

GOVERNANCE & REMUNERATION COMMITTEE

The Governance & Remuneration Committee is established to assist the Board in its responsibilities of nominating Directors and oversight of governance matters in the Company including determining and fixing remuneration of the Board and senior management of the Company.

The following are the Committee's Terms of Reference:-

1. To periodically evaluate the skills knowledge and experience required on the Board and make recommendations on the composition of the Board;
2. To define the criteria and the procedure for the appointment of Directors to the Board and the Board committees;
3. To prepare a job specification for the Chairperson's position, including an assessment of time commitment required of the candidate;
4. To nominate new Directors for appointment to the Board of the Company;
5. To recommend the appointment, remuneration and promotion of Executive Directors and Senior Management;
6. To perform annual evaluation of the Board and Board Committees;
7. To set the performance targets/criteria and evaluate the performance of the Managing Director/CEO and make recommendations to the Board on his performance;
8. To review from time-to-time succession planning proposals and implementation;
9. To document and review the Board Charter and composition, roles, responsibilities, authorities, reporting framework of Board Committees;
10. To make recommendations to the Board on the adoption of a Code of Conduct (including policy on trading in Company's shares) for Directors and Senior Executives and to review the same from time to time;
11. To make recommendations to the Board on the whistle blowing process for the Company that encourages stakeholders to report any unethical activity/breach in Corporate Governance;
12. To oversee continuing education of Board members and the induction of new Directors;
13. To make input into the annual report of the Company in respect of Directors' compensation;
14. To review and make recommendations to the Board for approval on the Company's organization structure and propose amendments.



REPORT OF THE DIRECTORS (CONT'D)

The Committee met three (3) times during the financial year. The following table shows Members' attendance at the meetings:

MEMBERS	21/03/2022	20/4/2022	25/10/2022
Mr. Abayomi Adeyemi (Chairman)	P	P	P
Mr. Adebolanle Badejo	P	P	P

Keys

P: Present

STATUTORY AUDIT COMMITTEE

By virtue of section 404 (2) of the Companies and Allied Matters Act, No 3 of 2020, every public company is required to establish a Statutory Audit Committee ("SAC")

During the period under review, the Committee comprised of the following members:

Aare Kamorudeen Ajao Danjuma	Chairman/Shareholder
Prince Bassef Manfred	Member/Shareholder
Mr. Olufemi Fredrick Oduyemi	Member/Shareholder
Mr. Abayomi Adeyemi	Member/Independent Non-Executive Director
Mr. Adebolanle Badejo	Member/Non-Executive Director

The Profiles of the shareholders' representatives on the Statutory Audit Committee during the period are available on the Company's website at livestockfeedsplc.com.

TERMS OF REFERENCE OF THE STATUTORY AUDIT COMMITTEE

- Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- Review the scope and planning of audit requirements;
- Review the findings on management matters in conjunction with the external auditors and departmental responses thereon;
- Keep under review the effectiveness of the company's system of accounting and internal control;
- Make recommendations to the Board with regard to the appointment, removal and remuneration of the External Auditors of the company;
- Authorize the Internal Auditor to carry out investigations into any activities of the company, which may be of interest or concern to the Committee.
- Receive quarterly/periodic reports from the Internal Audit Unit.



REPORT OF THE DIRECTORS (CONT'D)

In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance and the Nigerian Code of Corporate Governance in Nigeria 2018 also assign other specific responsibilities to the Committee.

The Committee met four times during the year and the following table shows the names of the Committee members and their attendance at the meetings.

MEMBERS	25/03/2022	20/4/2022	19/07/2022	21/10/2022
Aare Kamorudeen Danjuma (Chairman)	P	P	P	P
Prince Manfred Bassey	P	P	P	P
Mr. Abayomi Adeyemi	P	P	P	P
Mr. Olufemi Fredrick Oduyemi	P	P	P	P
Mr. Adebolanle Badejo	P	P	P	P

Keys:

P = Present

ACCOUNTABILITY, AUDIT AND CONTROL

FINANCIAL REPORTING

The Directors make themselves accountable to shareholders through the quarterly publications of the Company's financial performance and annual reports.

The Board is mindful of its responsibilities and satisfied that in the preparation of its financial reports, it has presented a balanced assessment of the Company's position and prospects in accordance with its obligation under the Code of Corporate Governance.

Messrs. KPMG acted as the Company's external auditors during the financial year under review.

CONTROL ENVIRONMENT

The Company has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board Meetings.

The Board has continued to place emphasis on risk management as an essential tool for achieving the Company's objectives. Towards this end, and in line with the Corporate Governance Code, the



REPORT OF THE DIRECTORS (CONT'D)

Board through its Risk Management Committee ensures that there is in place robust risk management policies and mechanisms for identification of risks and effective controls.

The Board approves the annual budget for the Company and ensures that an efficient budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

COMPANY SECRETARY

The Company Secretary plays an important role in supporting the effectiveness of the Board by assisting the Board and management to develop good corporate governance practices and culture within the Company. The Company Secretary ensures adequate dissemination of information among Board members and between the Board and the management of the Company. In furtherance of Board and Committee meetings, the Company Secretary in conjunction with management, undertakes the preparation of the necessary papers and other documents requisite for the success in deliberations. The Company Secretary is responsible for providing the Board and Directors individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company.

The office of the Company Secretary ensures that the Company complies with the relevant regulatory laws including the Investment and Securities Act, the Securities and Exchange Commission (SEC) Rules and Regulations, the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Nigerian Code of Corporate Governance, the Factories Act, the Companies and Allied Matters Act, the Nigeria Exchange Listing Rules and Other Regulations, amongst others. The procedure for the appointment and removal of the Company Secretary is a matter for the Board.

DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

Directors' interest in the issued share capital of the Company as recorded in the Register of Members and as notified by the Directors in compliance with CAMA and the listing rules of the Nigerian Exchange were as follows:



REPORT OF THE DIRECTORS (CONT'D)

	31-Dec-22 Direct	31-Dec-22 Indirect	31-Dec-21 Direct	31-Dec-21 Interest
Name				
Dr. Joseph Dada (Non-Executive Chairman)	-	-	-	-
Mr. Adegboyega Adedeji (Managing Director / CEO)	-	-	-	-
Mr. Peter B. Mombaur (Non-Executive Director)	-	2,198,745,772	-	2,198,745,772
Mr. Abayomi Adeyemi (Independent Non- Executive Director)	-	-	-	-
Mr. Adebolanle Badejo (Non-Executive Director)	-	-	-	-
Mrs. Temitope Omodele (Non-Executive Director)	-	-	-	-
Mr. Daniel Obaseki (Non-Executive Director)	-	-	-	-

TRADING IN SECURITY POLICY

In compliance with the Rules of the Nigerian Exchange, the Company has in place a Security Trading Policy in place to guide the Board, Employees, External Advisers and Related Parties on trading in securities of the Company within the closed period. Under the policy, the closed period is when no Director, Employee, External Adviser and related parties with inside information can trade in the company's securities. The closed period is 15 days prior to the date of meeting or from the date of circulation of agenda papers pertaining to a Board meeting on any of the following matters up to 24 hours after the price sensitive information is submitted to the exchange:

- Declaration of financial results (quarterly, half-yearly and annual);
- Declaration of dividends (interim and final);
- Issue of securities by way of public offer or rights or bonus etc;
- Any major expansion plans or winning of bid or execution of new projects/disposal of the whole or a substantial part of the undertaking;
- Any changes in policies, plans or operations of the Company that are likely to materially affect the prices of the securities of the company;
- Disruption of operations due to natural calamities;
- Litigation/dispute with a material impact;
- Any information which if disclosed in the opinion of the person discharging the same is likely to materially affect the price of the securities of the Company.



REPORT OF THE DIRECTORS (CONT'D)

We hereby confirm that no Director traded in the securities of the Company within the closed period.

CODE OF BUSINESS CONDUCT

As a member of the UAC Group, the employees of Livestock Feeds Plc subscribe to UACN Code of Business Conduct. The Code forms the basis of the conduct expected of every employee of the Company and reflects our core values and principles. The Board of Directors is responsible for ensuring that the Code is communicated to, understood and observed by all employees.

SHAREHOLDERS COMPLAINTS MANAGEMENT POLICY

We have put in place a Complaints Management policy to handle and resolve complaints from our shareholders and investors. The policy was defined and endorsed by the company's senior management, who is also responsible for its implementation and for monitoring compliance. The policy has been posted on the Company's website and shall be made available to shareholders of the company at the Annual General Meeting.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors has notified the Company, for the purpose of section 303 of the Companies and Allied Matters Act 2020, of any declarable interest in contracts or proposed contracts with the Company during the year.

WHISTLE BLOWING PROCEDURE

The Company has a Whistle Blowing Procedure which ensures that reports are anonymously received, discretely investigated and a report sent to the Audit Committee.

SHAREHOLDERS

The Company ensures the existence of adequate interaction among the Shareholders, the Management and the Board of the Company. The Company's General Meetings provide Shareholders the platform to contribute to the administration of the Company. The Annual General Meetings (AGMs) are conducted in a manner that facilitates Shareholders or their Proxies' participation in accordance with relevant regulatory and statutory requirements.

The Company encourages Shareholders to attend these meetings by ensuring that notices of meetings and other information required by Shareholders to make informed decisions are dispatched in a timely manner. The office of the Company Secretary additionally affords Shareholders channels of communication to the Board and the Management of the Company.

It is the responsibility of the Shareholders to approve the appointment of Directors and to grant other approvals that are required by law or the Articles of Association of the Company at General Meetings.



REPORT OF THE DIRECTORS (CONT'D)

The Shareholders through their representatives on the Statutory Audit Committee in line with section 404 of CAMA and the SEC Code of Corporate Governance also assume responsibility for the integrity of the Company's audited accounts.

SEC CODE OF CORPORATE GOVERNANCE FOR PUBLIC COMPANIES AND THE NIGERIAN CODE OF CORPORATE

The Company has complied with the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria. The Company is aspirationally complying with the provisions of Nigerian Code of Corporate Governance 2018.

SHAREHOLDERS' INFORMATION

Substantial Shareholdings

According to the Register of members, the following shareholders of the Company held more than 5% of the issued share capital of the Company as at 31st December 2022.

Shareholder	Number of shares	%
UAC of Nigeria Plc	2,198,745,772	73.2

Free Float %: 26.71

ANALYSIS OF SHAREHOLDING

Range of Holdings	No. of shareholders	% of Shareholders	No. of Shares held	% of Shareholders
1 - 1000	4,452	22.46	2,186,544	0.07
1001 - 10000	8,697	43.88	44,116,021	1.47
10001 - 50000	4,696	23.69	112,575,684	3.75
50001 - 100000	994	5.01	77,381,81	2.58
100001 - 500000	734	3.70	161,304,055	5.38
500001 - 1000000	114	0.58	84,573,376	2.82
1000001 - 5000000	123	0.62	237,367,064	7.91
5000001 - 10000000	10	0.05	67,964,338	2.27
10000001 - 2999999418	2	0.01	2,212,530,522	73.75
TOTAL	19,822	100.00	2,999,999,418	100.00



REPORT OF THE DIRECTORS (CONT'D)

SHARE CAPITAL HISTORY

The issued share capital of the Company as at 31 December 2022 was N1,499,999,709 (One Billion, Four Hundred and Ninety nine Million, Seven Hundred and Nine Thousand,) divided into 2,999,999,418 (Two Billion, Nine Hundred and Ninety nine Million, Nine Hundred and Ninety Nine Thousand, Four Hundred and Eighteen) ordinary shares of N0.50 (Fifty kobo) each”.

In compliance with Section 124 of the Companies and Allied Matters Act No. 3 of 2020 (as amended) and the Companies Regulations 2021, the shareholders had approved the cancellation of the Company's 1,000,000,582 (One Billion, Five Hundred and eighty two) unissued ordinary shares of N0.50k (fifty kobo each) at the 2022 Annual General Meeting. The analysis of the shareholding is as stated below.

Date Issued	Issued (Units)	Cumulative Issued(Units)	Issued N	Cumulative Issued N	Consideration
March,1963	100,000	100,000	200,000	200,000	Cash
April 8, 1971	112,500	212,500	225,000	425,000	Cash
March 14, 1977	521,000	733,500	1,042,000	1,467,000	Cash
April 7, 1977	2,934,000	2,934,000	1,467,000	1,467,000	Stock split from N2 to 50k
April 7, 1978	2,934,568	5,868,568	1,467,284	2,934,284	1 for 1
July 23, 1980	2,935,718	8,804,286	1,467,859	4,401,143	1for 2
April 2, 1982	2,200,926	11,005,211	1,100,463	5,502,606	1 for 4
March 31,1983	2,751,158	13,756,370	1,375,579	6,878,185	1 for 4
August 14, 1985	3,438,947	17,195,317	1,719,474	8,597,659	1 for 4
April 13, 1987	3,438,947	20,634,264	1,719,474	10,317,132	1 for 5
1996	4,126,154	24,760,418	2,063,077	12,380,209	1 for 5
Sep-06	544,720,000	569,480,418	272,360,000	284,740,209	Right issue
March 26, 2007	630,519,000	1,999,999,418	315,259,500	599,999,709	Private placement
Feb 2013	800,000,000	1,999,999,418	400,000,000	999,999,709	Private placement
July 13, 2017	1,000,000,000	2,999,999,418	500,000,000	1,499,999,709	Right issue

ACQUISITION OF OWN SHARES

The Company did not purchase its own shares during the year under review.

DONATIONS

The Company did not make any major donation during the year.



REPORT OF THE DIRECTORS (CONT'D)

COMPANY'S CUSTOMERS

The names of the Company's major customers are as follows:-

- * Stet Nig Enterprises, Aba.
- * De-Nwabuking Agro, Port Harcourt
- * Hbj-Plus Ltd, Epe Lagos
- * Omas Olopade Animal Care, Ijebu Ode
- * Ottun Agro Allied Ltd, Ijebu Ode
- * Ore Ofe Farms, Ilorra Oyo state
- * Fasola Stores, Ilorra, Oyo state
- * Plangret Agro ventures, Jos Plateau state
- * Paspro Farm and Industries Ltd, Jos Plateau
- * Bima Selong Enterprises, Jos, Plateau state
- * Todenik Investment Ltd, Akure, Ondo state
- * Bukky Choice Farm, Ofada, Ogun state
- * JAV Agrovet, Asaba, Delta state
- * Georach Farm, Ibadan, Oyo state
- * Alexbert Agro ventures, Owerri
- * Skyvic Farm Ltd, Gwagwa, Abuja

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY REPORT

At Livestock Feeds Plc, our business strategy does not only focus on profitable business operations, but our are targeted at achieving a sustainable future- both socially and environmentally. We therefore contribute to the actualization of the United Nation's 2030 agenda- United Nations Sustainable Development Goals.

Our Corporate Social Responsibility (CSR) initiative enables us to contribute positively to the growth and development of society for the better well-being of individuals. The priority areas of focus for our CSR include; promotion of education, improvement in healthcare and nutrition, community involvement, infrastructural support, contribution to social welfare, support for agricultural developmental programs, organization of health sensitization programs for employees, support institutions through SIWES programs, exceptional approach on Environmental Management System (EMS), inculcate safe workplace programs, and provision of clean portable drinking water for employee. With these, we increase efficiency of individuals, contribute to the advancement of life and wellbeing, and impact the communities we operate in.

The CSR project of Livestock Feeds Plc for the year under review was the construction of a Smallholding 100-layer birds Poultry Farm for Government Girls Senior Secondary school, Tokarawa Hadeija Road, Kano. The aim is to support the United Nation Sustainable Development Goals (SDGs) on Agriculture- sustainable solutions to end all forms of hunger by 2030. It seeks to equip students with the basic skills and management techniques involved in the rearing of poultry in Livestock farming, activate the entrepreneurship drive in the students, while preparing them for further studies and future occupation in Agriculture. This will also promote food security and improve the well-being of the immediate communities.



REPORT OF THE DIRECTORS (CONT'D)

Also, as part of our effort to contribute to the improvement of individuals' health, Livestock Feeds Plc partners with Orile Agege General Hospital (OAGH) in its school health program for ninety nine (99) schools in Lagos. This initiative helps prepare the young children in basic health management and disease prevention while it also affords some of the children immediate medical attention.

Our General Disclosure

Organisational Profile

The major areas of specialization of Livestock Feeds Plc are Animal Feeds, Aqua- Feeds, Animal health Products and Feed Ingredients.

The Company currently has 87 employees across its two owned Plants- Ikeja and Aba as well as its contracts milling locations.

Strategy

The company's overall business strategy includes strategic alliances with livestock farmers and other stakeholders within the livestock industry towards the attainment of organizational financial, social, and economic objectives.

Ethics and Integrity

The values and principles of Livestock Feeds Plc are also referred to as our business Code of Conduct and they are well communicated to all employees. Our business Code of Conduct is expressed as follows- Customer focus, Respect for the individual, Integrity, Team spirit, Innovation, Openness, and communication.

Governance

Although the Board of Directors is the primary direct stakeholder influencing corporate governance there exist adequate interactions among the shareholders and the management of the Board of the company.

Stakeholder Engagement

In Livestock Feeds Plc, stakeholders are a fundamental component of materiality assessments, which are then used to inform sustainability strategy, reporting, and disclosure. This has been achieved through numerous engagements activities with our different stakeholder groups.

Reporting Principle

Our reporting principle of Comparability, Accuracy, Timeliness and Clarity give an overview of the process that we have followed to define the content of the sustainability report and to identify our material topics and Boundaries, along with any changes or restatements. Also, these disclosures provide basic information about the report, the claims made about the use of the GRI Standards, the GRI content index, and the organization's approach to seeking external assurance.



REPORT OF THE DIRECTORS (CONT'D)

Our Economic Disclosure

Detailed information on our economic performance for the reporting year can be found in our Financial Report and Annual Report for the year 2022.

At Livestock Feeds Plc, we strongly believe in healthy competition within our industry as this drives excellence in products and services that we offer. We do not engage in any business practices that restricts, silent or kill inter-industry competition or prevent other businesses from entering the market.

Our commitment to fighting corruption is demonstrated through our Whistle Blower Policy, transparent corporate governance systems and Business Code of Conduct Guidelines.

Our Environmental Disclosure

All our raw materials undergo quality checks to ensure they meet specifications before use. Also, we are committed to ensuring that materials are used efficiently to develop resource-efficient products and improve our existing portfolio accordingly.

In a bid to reduce our reliance on fossil fuel efforts have been set in motion for the installation of alternative sources of energy (electricity) which are clean and renewable. This would significantly reduce our GHG emissions as we have set a target to achieve a 50% reduction in GHG by 2030. Currently generator operations and vehicular activities are responsible for CO₂ and other GHG emissions at Livestock Feeds Plc.

Through the implementation of the Environmental Management System ISO 14001:2015 we at LSF have been able to ensure that our activities are carried out in an environmentally friendly manner while providing opportunity for continuous improvement with minimal impact on the wellbeing of workers and the environment.

Our Social Disclosure

Livestock Feeds Plc ensures that all employees have the necessary skills and training to undertake the duties assigned to them and are provided with the necessary benefits accrued to them. We have adopted a unitary approach in our relationships with our labour force based on the assumption that everyone benefits when the focus is on common interest. Relations are grounded on mutual-cooperation, individual treatment of employees, teamwork, and shared goals. Also, Occupational Safety and Health is one of the key features of our sustainability and corporate social responsibility strategies as demonstrated through our training programs. Our well-developed human resource practices and 'Business Code of Conduct Guidelines' is our approach in eliminating discrimination, child and forced labour as well as encouraging freedom of association. We actively engage with our local community through our various initiatives such as volunteerism, investments in community development projects and economic development efforts.

Kindly refer to <https://www.livestockfeedsplc.com/governance-and-policies> for a comprehensive overview of our Sustainability Report.



REPORT OF THE DIRECTORS (CONT'D)

HUMAN RESOURCES REPORT EMPLOYMENT AND EMPLOYEES

Employment of physically challenged persons:

Applications for employment by physically challenged persons are always fully considered. The Company does not discriminate against any person on grounds of physical disability bearing in mind the respective aptitudes and abilities of the applicants concerned. The Company makes it a paramount objective to hire individuals based on standards of merit and competence.

Employee Training & Development

The Company is committed to keeping employees fully informed as much as possible regarding its performance and progress and seeks their views wherever practicable on matters, which particularly affect them as employees. We aspire to be an employer of choice. We recognize that our success is dependent on the caliber and motivation of our people.

Our people are our most important assets, and we continue to make investments in developing their competencies. The Company's expanding skill base was extended through a range of training programmes provided which have broadened opportunities for career development within the organization. Our Employees were exposed to targeted trainings which include but not limited to soft skills trainings such as Emotional Intelligence, Mental Health, Stress Management, Customer Service, Grooming & Etiquette, Use of Digital & Social Media and Problem Solving.

Incentive and recognition schemes designed to improve employee engagement and value index are periodically implemented wherever appropriate and some of these include but are not limited to Performance Incentives and Employee of the year Recognition award.

Employee welfare

The Company provides free canteen services to employees in its various operations for health and motivation reasons. Our Aba Mill Administrative block and facade were renovated and refurbished for a more conducive work environment which impacted positively on employees' productivity. Employees were encouraged to go on annual vacation as at when due to enable them enjoy a work-life balance.

The Company believes this will provide them an opportunity to be refreshed and renewed to perform better on their jobs. It is the Company's policy not to allow accumulation of leave beyond one year and such must be at the instance of the Company under special circumstances. Work is organized



REPORT OF THE DIRECTORS (CONT'D)

to enable our employees to work within official business hours in order to discharge their social life and family obligations. However, we encouraged our employees to work from home during the covid pandemic.

Employee Involvement

Our employees are fully involved in strategy formulation and execution. This we do to achieve business plan ownership at all levels. Regular meetings are held at different levels of the organization for employees to interact and exchange ideas on critical business issues with one another and different levels of management. One of such is the periodic village meetings of employees, Mill-located weekly meetings, Leadership Team and Departmental weekly meetings. These meetings are regularly complemented by circulars on Company policies and issues of current relevance to the business and employees.

Health, Safety and Environment

We attach utmost significance to the issues relating to the Health, Safety and Environment (HSE) of our people and premises. HSE policies, processes and procedures are in place in the Company in line with laws and regulations in force in Nigeria. HSE is further entrenched in the minds of staff through monthly meetings where various aspects on staff wellbeing are discussed such as health talk on HIV/AIDs & Hepatitis awareness, counselling and free voluntary testing (in conjunction with Halley-Bella foundation & Ministry of Health, Fire Safety trainings & evacuation drill (Organized by MAN, Ikeja Branch, Health & Fitness training, Cancer Awareness/Enlightenment, Video-graphics interactions on HSE Awareness in factories, homes and on-the-road, Free Medical Testing/De-worming exercise, Occupational First Aid (Recovery Position) conducted by Institute of Safety Professionals of Nigeria and Importance and usage of PPE in the factory was emphasized at every of the HSE training sessions.

We also maintain an insurance health care scheme with Health Management Organisations (HMOs) licensed by National Health Insurance Scheme (NHIS) to provide health insurance to employees.

The Company focuses on driving a robust commitment-based HSE culture with continuous improvement of HSE processes, operational excellence to achieve our vision of zero accidents/injuries and harm. LSF has an Emergency Response and Disaster Recovery Plan which covers fire as well as other natural disasters. Thus, we possess adequate fire protection system and fighting equipment which includes fire extinguishers, smoke detectors, fire hydrant system, break glasses and synchronized fire alarm panels. There is demonstration of full compliance with statutory fire drill exercise.



REPORT OF THE DIRECTORS (CONT'D)

AUDITORS

Messrs. KPMG Professional Services have indicated their willingness to continue in office as the Company's Auditors in accordance with Section 401(2) Companies and Allied Matters Act, 2020. A resolution will be proposed to shareholder authorizing the Directors to determine their remuneration.

BY ORDER OF THE BOARD

ROSE JOSHUA HAMS (MRS.)
AG. COMPANY SECRETARY
FRC/2013/ICSAN/00000002356

LAGOS, NIGERIA
30 MARCH 2023





STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and relevant provisions the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Dr. Joseph I. Dada
Non-Executive Chairman
FRC/2016/APCON/00000014735
30 March 2023

Mr. Adegboyega Adedeji
Managing Director
FRC/2020/003/00000021439
30 March 2023



STATEMENT OF CORPORATE RESPONSIBILITY

FOR THE YEAR ENDED 31 DECEMBER 2022

Further to the provisions of Section 405 of the Companies and Allied Matters Act (CAMA) 2020, we, the Managing Director/CEO and Chief Financial Officer, hereby certify the financial statements of Livestock Feeds Plc for the year ended 31 December 2022 as follows:

- a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2022.
- b) That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- c) That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the year ended 31 December 2022.
- d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the companies, during the year end 31 December 2022.
- e) That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited financial statements, and certify that the Company's internal controls are effective as of that date.
- f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- g) That we have disclosed the following information to the Company's Auditors and Audit Committee:
 - (i) There are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and
 - (ii) There is no fraud that involves management or other employees who have a significant role in the Company's internal control.

Signed on behalf of the Board of Directors by:

Managing Director
Mr. Adegboyega Adedeji
FRC/2020/003/00000021439

Chief Financial Officer
Mr. Adekunle Adepoju
FRC/2013/ICAN/00000004478



REPORT OF THE AUDIT COMMITTEE OF LIVESTOCK FEEDS PLC TO MEMBERS

In compliance with Section 404 (4) of the Companies and Allied Matters Act 2020, Law of the Federation of Nigeria, we have reviewed the Audited Financial Statements of the Company for the year ended 31st December, 2022 and report as follows:

- (a) The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.
- (b) The scope and planning of the external audit for the financial year ended 31st December, 2022 were, in our opinion adequate.
- (c) We reviewed the findings and recommendations in the Internal Auditor's Report and the External Auditor's Management Controls Report and we were satisfied with the management responses thereto.
- (d) The Company maintained effective systems of accounting and internal control system during the year in review.

We have deliberated with the External Auditors, who confirmed that all necessary cooperation was received from management and that they had issued a clean report in respect of the financial statements for the year ended 31st December, 2022.

Aare Kamorudeen Ajao Danjuma
Chairman Audit Committee
FRC/2019/IODN/00000019526

Dated 21st Day of March, 2023
Members of the Committee:

Aare Kamorudeen Danjuma	Chairman
Prince Bassef Manfred	Member
Mr. Olufemi Fredrick Oduyemi	Member
Mr. Abayomi E. Adeyemi	Member
Mr. Adebolanle Badejo	Member





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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Livestock Feeds Plc**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Livestock Feeds Plc** (the Company), which comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

KPMG Professional Services, a partnership registered in Nigeria and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Registered in Nigeria No EN 999325

Partners:

- | | | | | |
|-----------------------|----------------------|-----------------------|----------------------|---------------------|
| Adegoke A. Dyeremi | Bolanlewa D. Apana | Makina I. Arogie | Olutayo I. Oguntowo | Williams I. Eromosa |
| Adenuga P. Adesemi | Chibuzo N. Amurewa | Muhammad M. Ademi | Oluwalami O. Awosipe | |
| Adesola K. Agbi | Chiseme B. Awogbo | Nwaka C. Eloma | Oluwalafin A. Ojagi | |
| Ajibola C. Olorunsola | Dunni D. Odegbemile | Ogunwole I. Ogunbemis | Omosa O. Ogun | |
| Akinwale D. Alao | Elijah D. Odegunmoye | Olabayo S. Alade | Osoye J. Okeke | |
| Akinwami J. Ashade | Goodluck C. Ode | Oladimeji J. Seaudemi | Temiwoye A. Odeji | |
| Ayobami C. Salami | Isiaka M. Adesoji | Olanrewaju I. James | Tolulope A. Odele | |
| Ayodele A. Soyinka | Isoma T. Emure-Engbo | Oluwami A. Babam | Uzoakwo H. Odeku | |
| Ayodele H. Oshinwa | Kabi D. Oluwalola | Oluwalade G. Olayinka | Uzodinwa G. Nwanirio | |
| Bolanle S. Alade | Lawrence C. Amadi | Oluwalagun A. Sowande | Victor U. Onyenike | |

Recoverability of Deferred tax assets <i>See Note 12 to the financial statements</i>	
(For the accounting policies and significant accounting judgements and estimates – income taxes, see notes 2.2 and 3 to the financial statements respectively).	
Key Audit Matter	How the matter was addressed in our audit
<p>The Company recorded a loss before tax of ₦781 million for the year ended 31 December 2022. This resulted in unutilised tax losses and unabsorbed capital allowances giving rise to a deferred tax assets of ₦194 million as at 31 December 2022.</p> <p>Management prepared the Company's future taxable profits to assess the recoverability of the deferred tax assets to be recognized, and in the preparation of the forecasts, significant assumptions and judgements were applied.</p> <p>Recognition of deferred tax assets involves the assessment of its recoverability within the allowed time frame, availability of sufficient taxable income in the future and involves significant judgements in the interpretation of tax positions adopted by the Company. Considering the significant judgement involved in determining the recovery of deferred tax assets, this is considered a Key Audit Matter.</p>	<p>The following audit procedures were performed among others:</p> <ul style="list-style-type: none"> We obtained and evaluated the Company's plans for profitability and recoverability of the deferred tax asset, including reviewing the profit forecasts and the underlying data used in preparing the forecasts. We challenged the key assumptions in the forecast by evaluating the historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions based on our knowledge of the industry and our understanding obtained during the audit. We reviewed management's justifications for the partial recognition of deferred tax assets. We assessed the adequacy, completeness, accuracy and relevance of disclosure requirements in line with IAS 12 <i>Income taxes</i>

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Financial Highlights, Report of the Directors, Corporate Governance Report, Report of the Statutory Audit Committee, Statement of Directors' responsibilities, Statement of Corporate Responsibility, and Other National Disclosures which we obtained prior to the date of the auditor's report but does not include the financial statements and our auditor's report thereon. Other information also includes the Chairman's statement, shareholders' information amongst others together the "Outstanding reports", which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, 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.

When we read the outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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 Audit Committee 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, actions taken to eliminate threats or safeguards applied

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

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

Signed:

Omolara O. Ogun, FCA
FRC/2012/ICAN/00000000412
For: KPMG Professional Services
Chartered Accountants
31 March 2023
Lagos, Nigeria





2022 ANNUAL REPORT & FINANCIAL STATEMENTS



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 N'000	2021 N'000
Revenue from contracts with customers	4	16,410,221	14,640,268
Cost of sales	7(i)	(15,713,827)	(13,062,094)
Gross profit		696,394	1,578,174
Other operating income	8	153,262	16,039
Selling and Distribution expenses	7(ii)	(219,001)	(181,781)
Expected Credit Loss	17	(4,396)	(47,858)
Administrative expenses	7(iii)	(559,332)	(501,676)
Operating profit		66,927	862,899
Investment income	9	5,333	683
Finance costs	10	(853,652)	(298,449)
(Loss)/ profit before minimum taxation		(781,392)	565,133
Minimum tax expense	12(iv)	(82,830)	(73,201)
(Loss)/profit after minimum taxation		(864,222)	491,932
Income tax credit/(expense)	12(i)	42,004	(62,235)
(Loss)/profit for the year		(822,218)	429,697
Other comprehensive income for the year (net of tax)		-	-
Total comprehensive income for the year, net of tax		(822,218)	429,697
Earnings per share(kobo)			
Basic earnings for the year attributable to ordinary equity holders	13	(27.41)	14.32
Diluted earnings for the year attributable to ordinary equity holders	13	(27.41)	14.32

The accompanying notes form an integral part of these financial statements.



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2022 N'000	2021 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	865,343	776,428
Intangible assets	15	237,293	34,851
Right of use assets	18(iii)	-	8,333
Total non-current assets		1,102,636	819,612
Current assets			
Inventories	16	4,910,292	8,581,643
Trade and other receivables	17	905,079	982,112
Refund assets	17	4,683	3,327
Prepayments	18	39,891	81,147
Other financial assets	19.2	17,283	17,283
Cash and cash equivalents	19.3	477,841	342,611
Total current assets		6,355,069	10,008,123
Total assets		7,457,705	10,827,735
Equity			
Issued capital	20	1,500,000	1,500,000
Share premium	20	693,344	693,344
(Accumulated Deficits)/Revenue reserves		(513,087)	309,131
Total equity		1,680,257	2,502,475
Non-current liabilities			
Deferred tax liabilities	12(iii)	-	42,004
Total current liabilities		-	42,004
Current liabilities			
Trade and other payables	21	2,079,364	716,517
Refund liabilities	21.2	4,924	3,690
Income tax payable	12(iv)	95,791	93,591
Dividend payable	22	17,384	17,384
Interest-bearing loans and borrowings	23	3,575,019	7,452,074
Government Grant	23.1	4,966	-
Total current liabilities		5,777,448	8,283,256
Total liabilities		5,777,448	8,325,260
Total equity and liabilities		7,457,705	10,827,735

The Financial statements was approved and authorised for issue by the Board of Directors on 30th March, 2023 and was signed on its behalf by:

Chairman
Dr. Joseph Dada
FRC/2016/APCON/00000014735

Managing Director
Mr. Adedeji Adegboyega
FRC/2020/003/00000021439

Chief Financial Officer
Mr. Adekunle Adepoju
FRC/2013/ICAN/00000004478

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued capital N'000	Share premium N'000	Accumulated Deficits/Revenue reserves N'000	Total equity N'000
At 1 January 2021	1,500,000	693,344	(120,566)	2,072,778
Profit for the year	-	-	429,697	429,697
Other comprehensive income	-	-	-	-
Total comprehensive income, net of tax	-	-	429,697	429,697
At 31 December 2021	1,500,000	693,344	309,131	2,502,475
At 1 January 2022	1,500,000	693,344	309,131	2,502,475
Loss for the year	-	-	(822,218)	(822,218)
Other comprehensive income	-	-	-	-
Total comprehensive income, net of tax	-	-	(822,218)	(822,218)
At 31 December 2022	1,500,000	693,344	(513,087)	1,680,257

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

Notes	2022 N'000	2021 N'000
Operating activities		
	(781,392)	565,133
14	160,408	165,552
15	12,775	543
	8,333	(8,333)
8	(1,095)	9,817
17	4,396	47,858
10	853,652	298,449
9	(5,333)	(683)
8	(116,426)	-
Changes in working capital:		
	3,671,353	(3,484,700)
	71,281	(656,827)
	41,256	(30,640)
	1,364,081	(1,623,988)
	5,283,288	(4,717,818)
12(iv)	(80,631)	(42,875)
	5,202,657	(4,760,693)
Investing activities		
9	5,333	683
	1,241	14,720
15(iii)	(215,216)	(35,394)
14	(249,469)	(130,955)
	(458,111)	(150,945)
Financing activities		
23	(719,111)	(298,449)
23	10,321,410	7,734,103
23	(14,211,615)	(2,275,396)
	(4,609,316)	5,160,258
	135,230	248,620
	342,611	93,991
19	477,841	342,611

The accompanying notes form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. Corporate information

Livestock Feeds Plc was incorporated on 20th March, 1963 and commenced business on 20th May, 1963. The Company was quoted on the Nigerian Stock Exchange in 1978. The Company is engaged principally in the manufacturing and marketing of animal feeds and concentrates. The registered office of the Company is located at 1 Henry Carr Street, Ikeja Lagos. The parent Company is UAC of Nigeria Plc.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IASB), the requirements of the Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act 2020.

The financial statements are presented in Naira which is the Company's functional currency and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

2.2 Summary of significant accounting policies (continued)

b) Fair value measurement

The Company measures its financial instruments at fair value at each reporting date mainly for disclosure purpose. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
 - In the absence of a principal market, in the most advantageous market for the asset or liability
- The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

c) Revenue from contracts with customers

The Company is into agricultural business for the manufacturing and marketing of animal feeds and concentrates.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

2.2 Summary of significant accounting policies (continued)

Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expects that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue stream detailed below.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

At contract inception, the Company assesses the goods or services promised to a customer and identifies as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Company has identified one distinct performance obligations:

Contract for the sale of feeds and concentrates begins when goods have been delivered to the customer and revenue is recognised at the point in time when control of the goods has been transferred to the customer, generally on delivery of the goods. The normal credit term is 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of feeds and concentrates, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

i. Significant financing component

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since Livestock feeds Plc expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

ii. Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume incentives and trade discounts

When customers meet a set target in a particular month the Company gives a volume incentive. Trade discounts that range between 16%-20% are given to customers which is determined at the inception of the contract and are set-off against revenue.

Rights of return

Some contracts for the sale of Animal feeds provide customers with a right of return and volume rebates. When a contract provides a customer with a right to return the goods within a specified period, the consideration received from the customer is variable because the contract allows the customer to return the products. The Company used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Company presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position.

Principal vs Agent consideration

When another party is involved in providing goods or services to its customer, the Company determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Company is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Company's role is only to arrange for another entity to provide the goods or services, then the Company is an agent and will need to record revenue at the net amount that it retains for its agency services.

PRACTICAL EXPEDIENTS

Revenue Recognition

Practical expedients

Livestock Feeds Plc (LSF) has elected to make use of the following practical expedients:

- LSF opted for the use of one year or less practical expedients for significant financing component.
- LSF applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Other income

This comprises majorly profit from sale of plant and equipment, sales of sack, government grant and so on.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

Income arising from disposal of items of plant and equipment and scraps is recognised at the time when proceeds from the disposal has been received by the Company. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets.

d) Taxes

Current income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Tertiary Education Tax

Tertiary Education Tax is charged on the assessable profit of the the Company at the rate of 2.5%. The assessable profit of the Company is ascertained in the manner specified in the Companies Income Tax Act (CITA). The assessable profit is arrived at by adjusting the profit before tax with non-deductible expenses and non-taxable income based on the Companies Income Tax Act. The Company offsets the tax assets arising from withholding tax credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts, and it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum tax

Minimum Tax(determined based on 0.5% of qualifying Company's turnover (revenue) less franked investment income). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The liability is recognised under tax payable in the statement of financial position.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value added tax (VAT)

Expenses and assets are recognised net of the amount of Value added tax (VAT), except:

- When the Value added tax (VAT) incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the Value added tax (VAT) is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value added tax (VAT) included

The net amount of value added tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

National Information Technology Development Agency Levy

National Information Technology Development Agency Levy is computed on Profit before tax but it is not applicable to the Companies in agricultural sector.

Nigeria Police Trust Fund Levy

Nigeria Police Trust Fund Levy is computed on the net profit(i.e profit deducting all expenses and taxes from revenue earned by the Company during the year) and is governed by the Nigeria Police Trust Fund (Establishment) Act,2019.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

e) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation of unsettled monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income within other operating income.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

The Company does not have non-monetary assets and liabilities denominated in foreign currencies, therefore, there is no accounting policy in place.

f) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. Based on the corporate laws of Nigeria, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. However, where interim dividend is declared by the Board, it is recognised in the liability pending the approval of the shareholders. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date where applicable.

g) Property, plant and equipment

Recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment and are depreciated accordingly. Subsequent costs and additions are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Capital work in progress are uncompleted projects and they are not depreciated. Depreciation starts when the projects are completed and transferred to the relevant asset class.

All other repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method on the following bases:

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life. The depreciation commences immediately the asset is available for intended use. Depreciation on other assets is calculated using the straight line method to allocate their cost over their estimated useful lives, as follows:



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

Leasehold Land	5 to 25 years
Building	10 to 33 years
Machinery & Equipment	2 to 10 years
Motor Vehicle	
- Automobile	3 to 10 years
- Truck	3 to 10 years
Computer Equipment	3 to 5 years
Office equipment	3 to 5 years
Work in progress	NIL

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss within 'other operating income' in the year that the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, with the changes in estimates accounted for prospectively.

h) Intangible assets

Computer software

Purchased computer software is capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over the useful life of the asset. Computer software are purchased from the third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement cost and is added to the original cost of the software. All other expenditure is expensed as incurred.

Amortisation is recognised in the profit/loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

from its use or disposal. Gains or losses arising from derecognition of an intangible assets, measured are as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in statement of profit or loss and other comprehensive income when the asset is derecognised. The useful life rate is 33.3%.

i) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

No changes were made in the objectives, policies or processes for managing capital during the periods ended 31 December 2022 and 2021.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (c) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, and receivables from related parties.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments and other financial assets not held at fair value through profit or loss. ECLs are based on the



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For receivables from related parties (non-trade), and staff receivables, the Company applies general approach in calculating ECLs. It is the Company's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs, EADs and LGDs. In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil price
- Exchange rate
- Inflation rate

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortized cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and are classified at amortised cost.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Inventories

Inventories are stated at the lower of cost and net realisable value, with appropriate provisions for old and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory quantities and values will be adjusted for spoilage, spillage and deterioration, expiration and any other loss as soon as it is discovered. Stock assessment must be carried out quarterly and the inventories should be measured at the lower of cost and net realizable value as provided for in IFRS. The comparison of cost and net realizable value should be carried out on an item-by-item basis but, where this is impracticable, groups of similar items shall be considered together. It is however, unacceptable to compare the total net realizable value of all inventories with their total purchase price or production cost.

Where the net realizable value of an item is less than its cost, the excess is written off immediately in income statement.

Cost is determined as follows:-

Raw materials and packaging materials

Raw materials and packaging materials include purchase cost and other costs incurred to bring the materials to their location and condition are valued using weighted average cost.

Finished goods

Cost of direct materials and labour plus a reasonable proportion of overheads absorbed by manufacturing based on normal levels of activity.

Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

k) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Property, plant and equipment Note 14
- Intangible assets Note 15

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l) Cash and bank balances

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m) Provisions

A provision is recognized only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

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 recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. The Company's provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

n) Contingent liabilities and Contingent assets

A Contingent liability is a possible liability that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made. Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised, but they are disclosed when it is more likely than not that an inflow of benefits will occur.

o) Government grant

Benefits accruing to the Company on government assisted loans granted at a below market rate of interest is treated as a government grant. The benefit of such a government assisted loan is the difference between market rate of interest and the below market rate applicable to the government assisted loan. The grant so measured is recognised as income in the financial statements on a systematic basis over the tenor of the loan.

p) Pension and other post-employment benefits

i) Defined contribution scheme - pension

In line with the provisions of the Nigerian Pension Reform Act, 2014, Livestock Feeds Plc has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Company at the rate of 8% by employees and 10% by the



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

Company of basic, housing and transport allowance, and invested outside the Company through Pension Fund Administrators (PFAs) of the employees choice.

The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees' service in the current and prior periods.

The matching contributions made by Livestock Feeds Plc to the relevant PFAs are recognised as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions.

Liabilities in respect of the defined contribution scheme are charged against the profit of the period in which they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

q) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

l) Right-of-use-assets (ROU)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The Company has no lease liability as at 1 January 2022 and 31 December 2022 because all existing leases have been prepaid.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

iii) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases assets i.e Land and warehouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

r) Segmental reporting

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

The Company's primary format for segment reporting is based on business operating segments. Where applicable, segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The basis of segmental reporting is geographical locations where the Company operates namely Ikeja for South west, Aba mill for South east, Onitsha operations for South south and Jos and Kano for the North.

2.3 New and amended standards and interpretations

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards

Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

2.3 New and amended standards and interpretations- Continued

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Enterprise.

Amendment to IFRS 16-Covid-19-Related Rent Concessions

Amendment to IFRS 16 Leases provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. A lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

It applies only to rent concessions occurring only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- There is no substantive change to other terms and conditions of the lease.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The Company is yet to fully assess the impact the new standards and amendments may have on its financial statements. The Company intends to adopt these standards, if applicable when they become effective.

(l) Amendment to IFRS 17 Insurance Contracts (Effective for annual periods beginning on or after 1 January 2023)

- A specific adaptation for contracts with direct participation features (the variable fee approach)
 - A simplified approach (the premium allocation approach) mainly for short-duration contracts
- IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

2.3 New and amended standards and interpretations- Continued

requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Enterprise will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Enterprise.

Covid-19-related Rent Concessions (Amendment to IFRS 16)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practices Statement 2)

Definition of Accounting Estimates (Amendments to IAS 8)

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management Note 6
- Financial instruments risk management and policies Note 26
- Sensitivity analyses disclosures Note 26

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant accounting judgements, estimates and assumptions - continued

statements:

(a) Determining the lease term of contracts with renewal – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company does not have lease contracts that include extension in the year under review.

(b) Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of sales of feeds and concentrates

The Company concluded that revenue for sales of feeds and concentrates is to be recognised at a point in time; when the customer obtains control of the goods. The Company assess when control is transferred using the indicators below:

- The Company has a present right to payment for the goods~
- The customer has legal title to the goods~
- The Company has transferred physical possession of the asset and delivery note received~
- The customer has the significant risks and rewards of ownership of the goods~ and
- The customer has accepted the goods

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing off the asset. The fair value of the assets of is based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract. These estimates are most relevant to intangibles with indefinite useful lives recognised by the Company.

(b) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various customer segments that have similar loss patterns (i.e., by



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant accounting judgements, estimates and assumptions - continued

product type, customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 17 and 26.4.

(c) Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(d) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

Set below is the disaggregation of the Company's revenue from contract with customers:

Segments	For the year ended 31 December 2022				
	Aba N'000	Ikeja N'000	Onitsha Operations N'000	Northern Operations N'000	TOTAL N'000
Type of goods or service					
Sale of livestock feeds	2,973,995	9,889,565	573,056	2,973,605	16,410,221
Total revenue from contracts with customers	2,973,995	9,889,565	573,056	2,973,605	16,410,221
Geographical markets					
Within Nigeria	2,973,995	9,889,565	573,056	2,973,605	16,410,221
Outside Nigeria	-	-	-	-	-
Total revenue from contracts with customers	2,973,995	9,889,565	573,056	2,973,605	16,410,221
Timing of revenue recognition					
Goods transferred at a point in time	2,973,995	9,889,565	573,056	2,973,605	16,410,221
Services transferred over time	-	-	-	-	-
Total revenue from contracts with customers	2,973,995	9,889,565	573,056	2,973,605	16,410,221



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

Segments	For the year ended 31 December 2021				
	Aba N'000	Ikeja N'000	Onitsha Operations N'000	Northern Operations N'000	TOTAL N'000
Type of goods or service					
Sale of livestock feeds	2,728,705	9,013,682	1,117,561	1,780,320	14,640,268
Total revenue from contracts with customers	2,728,705	9,013,682	1,117,561	1,780,320	14,640,268
Geographical markets					
Within Nigeria	2,728,705	9,013,682	1,117,561	1,780,320	14,640,268
Outside Nigeria	-	-	-	-	-
Total revenue from contracts with customers	2,728,705	9,013,682	1,117,561	1,780,320	14,640,268
Timing of revenue recognition					
Goods transferred at a point in time	2,728,705	9,013,682	1,117,561	1,780,320	14,640,268
Services transferred over time	-	-	-	-	-
Total revenue from contracts with customers	2,728,705	9,013,682	1,117,561	1,780,320	14,640,268

Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of Animal feeds

The performance obligation is satisfied upon delivery of livestock feeds and payment is generally due within 90 days from delivery.

Contract balances

Trade receivables

17

2022 N'000	2021 N'000
201,928	181,680

Trade receivables are non-interest bearing and are generally on terms of 90 days. In 2022: N144.08 Million (2021: N139.68million). These are cumulative balances over the years but, it is only the sum of N4.39million that was recognised as expected credit losses on trade receivables during the year.

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Livestock Feeds Plc. The Board members review the Company's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. Assessment of performance is based on operating profits of the operating segment that is reviewed by the Board. Other information provided to the Board is measured in a manner consistent with that of the financial statements.

The Company generated all its revenue in Nigeria. The Company operates only in the Feed Milling industry hence all information on the statement of profit or loss and other comprehensive income and statement of financial position remains the same with that of the segment information.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 N'000	2021 N'000
Revenue from contract with customers	16,410,221	14,640,268
Operating profit	66,927	862,899
Finance cost (Note 10)	(853,652)	(298,449)
Finance income (Note 9)	5,333	683
(Loss)/profit before taxation	(781,392)	565,133
Income tax expense	(82,830)	(135,436)
Total assets	7,457,705	10,827,735
Total liabilities	5,777,448	8,325,260

Revenue

The Company (all segments) produces animal feeds which is 100% of its turnover. Other products include Vet Drugs which is bought from other Companies for marketing and sales and full fat which is manufactured by the Company. All the products have similar risk and returns and are therefore considered as a single segment. Analysis of sales for the year is as follows:

	2022 N'000	2021 N'000
Aba	2,973,995	2,728,705
Ikeja	9,889,565	9,013,682
Onitsha Operations	573,056	1,117,561
Northern Operations	2,973,605	1,780,320
	16,410,221	14,640,268

The Company has four reportable segments based on location of the principal operations as follows:

Aba
Ikeja
Onitsha Operations
Northern Operations

Segmental revenue and operating profit-31 December 2022

	Aba N'000	Ikeja N'000	Onitsha Operations N'000	Northern Operations N'000	Total N'000
From external customers	2,973,995	9,889,565	573,056	2,973,605	16,410,221
Segment revenue	2,973,995	9,889,565	573,056	2,973,605	16,410,221
Cost of sales	(2,806,367)	(9,616,142)	(513,677)	(2,777,642)	(15,713,828)
Gross profit	167,628	273,423	59,379	195,963	696,394
Selling and distribution expense	(23,980)	(71,516)	(17,724)	(63,235)	(176,455)
Trading profit	143,648	201,907	41,655	132,728	519,938
Other income	38,221	98,126	170	16,214	152,731
Operating profit	181,869	300,033	41,825	148,942	672,669
Finance Cost	(228,642)	(503,185)	-	(121,825)	(853,652)
Contribution to margin	(46,773)	(203,152)	41,825	27,117	(180,983)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

5. Segment information - continued

Head Office

	2022 N'000
Dividend income	316
Interest income	5,333
Laboratory income	552
Sales of Scrap	151
Insurance Claim	-
Gain on disposal of assets	1,095
Miscellaneous income	1,162
ITF Refund	-
(Loss) on unrealized Foreign Currency Revaluation	(2,745)
Expected credit loss	(4,396)
Administrative cost	(559,332)
Marketing Cost	(42,546)
Loss before tax	(781,392)

Segment assets and liabilities- 31 December 2022

Non-current assets	Head office	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	326,808	362,566	168,771	127	7,071	865,343
Intangible assets	237,293	-	-	-	-	237,293
Current assets	N'000	N'000	N'000	N'000	N'000	N'000
Inventory	23,522	1,575,862	2,687,368	11,034	612,506	4,910,292
Trade and other receivables	586,871	82,983	210,036	20,734	4,455	905,079
Refund assets	4,683	-	-	-	-	4,683
Prepayments	14,666	-	16,892	-	8,333	39,891
Other financial asset	17,283	-	-	-	-	17,283
Cash and cash equivalents	477,822	5	8	2	4	477,841
	1,124,848	1,658,850	2,914,303	31,770	625,299	6,355,069

The inventory balance at the head office represents materials held in Livestock feeds Plc warehouses and those held at external warehouses in Lagos, Ibadan, Kano and Zaria and will be transferred to the various mills in the current year while trade and other receivables represents receivables from debtors and deposit for raw materials.

Current liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Trade and other payables	1,889,663	50,536	84,933	10,040	44,192	2,079,364
Short- term borrowings	3,575,019	-	-	-	-	3,575,019
Refund liabilities	4,924	-	-	-	-	4,924
Dividend payable	17,384	-	-	-	-	17,384
Current tax payable	95,791	-	-	-	-	95,791
Government Grant	4,966	-	-	-	-	4,966
	5,587,747	50,536	84,933	10,040	44,192	5,777,448



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

5. Segment information - continued

Segmental revenue and operating profit -31 December 2021

	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	N'000	N'000	N'000	N'000	N'000
From external customers	2,728,705	9,013,682	1,117,561	1,780,320	14,640,268
Segment revenue	2,728,705	9,013,682	1,117,561	1,780,320	14,640,268
Cost of sales	(2,352,117)	(8,070,703)	(1,026,458)	(1,612,818)	(13,062,095)
Gross profit	376,588	942,979	91,103	167,502	1,578,173
Selling and distribution expense	(20,808)	(67,275)	(15,019)	(33,600)	(136,703)
Trading profit	355,780	875,704	76,084	133,902	1,441,470
Other income	4,937	13,122	-	893	18,951
Operating profit	360,717	888,826	76,084	134,795	1,460,422
Finance expense	(65,058)	(218,570)	-	(14,821)	(298,449)
Contribution to margin	295,659	670,256	76,084	119,974	1,161,972

Head Office

Dividend Income	306
Interest income	683
Laboratory income	911
Gain on disposal of assets	(9,817)
Miscellaneous income	1,060
ITF refund	1,996
Insurance Claim	2,125
Sale of scraps	1,001
Gain/Loss Realized Foreign Currency Revaluation	(493)
Expected Credit Loss	(47,858)
Administrative cost	(501,676)
Marketing Cost	(45,080)
Profit before tax	565,132

Segment assets and liabilities- 31 December 2021

Non-current assets	Head office	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	333,782	236,879	200,401	978	4,388	776,428
Intangible assets	34,851	-	-	-	-	34,851
ROU Assets	8,333	-	-	-	-	8,333
Current assets	N'000	N'000	N'000	N'000	N'000	N'000
Inventory	5,819,766	919,556	1,566,475	44,784	231,062	8,581,643
Trade and other receivables	913,950	12,543	18,912	17,694	19,013	982,112
Refund assets	3,327	-	-	-	-	3,327
Prepayments	36,509	0	25,193	-	19,444	81,147
Other financial asset	17,283	-	-	-	-	17,283
Cash and cash equivalents	340,258	1,614	730	2	6	342,611
	7,131,094	933,713	1,611,310	62,480	269,525	10,008,122



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Head office	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Current liabilities						
Trade and other payables	490,592	36,437	115,728	39,114	34,647	716,517
Short- term borrowings	7,452,074	-	-	-	-	7,452,074
Refund liabilities	3,690	-	-	-	-	3,690
Dividend payable	17,384	-	-	-	-	17,384
Current tax payable	93,591	-	-	-	-	93,591
	8,057,330	36,437	115,728	39,114	34,647	8,283,256

In the year under review, unallocated operating income and expenses mainly constitute head office other income, administrative and marketing costs. These are considered corporate and are not allocated to any segments expenses. Interest expenses are allocated based on investment in inventory acquired for each mills.

6. Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and retained earnings attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 60% and a minimum B credit rating. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

		2022 N'000	2021 N'000
Trade and other payables	21	2,079,364	716,517
Interest-bearing loans and borrowings	23	3,575,019	7,452,074
Cash and short term deposit (Note 19)		(477,841)	(342,611)
Net debt		5,176,542	7,825,980
Total capital: Equity		1,680,257	2,502,475
Capital and net debt		6,856,799	10,328,456
Gearing ratio		75%	76%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

7. Expense by Nature

7(i). Cost of sales

Change in inventories of finished goods and work in progress	14,901,494	12,313,144
Salaries and other staff benefit*	332,006	315,969
Business Travelling Expenses	11,453	13,551
Business Entertainment Expenses	7,759	4,141
Electricity and power	124,456	72,672
Depreciation of property, plant & equipment (Note 11ii)	142,680	156,531
Amortisation of intangible assets (Note 11 iii)	652	543
Rent**	53,089	50,311
Security expenses	17,566	19,908
Local repair and renewal	43,238	40,458
Laboratory expenses	15,527	4,251
Vehicle repairs expenses	2,173	709
Sundry vehicle expenses	1,485	1,494
Cleaning & Sanitation	9,832	5,084
Office Stationery & Printing	5,486	3,327
Rates	2,715	2,245
Subscription	4,301	6,448
Information Technology	1,486	1,356
Other expenses ***	36,430	49,952
Total cost of sales	15,713,827	13,062,094

	2022 N'000	2021 N'000
Change in inventories of finished goods and work in progress	14,901,494	12,313,144
Salaries and other staff benefit*	332,006	315,969
Business Travelling Expenses	11,453	13,551
Business Entertainment Expenses	7,759	4,141
Electricity and power	124,456	72,672
Depreciation of property, plant & equipment (Note 11ii)	142,680	156,531
Amortisation of intangible assets (Note 11 iii)	652	543
Rent**	53,089	50,311
Security expenses	17,566	19,908
Local repair and renewal	43,238	40,458
Laboratory expenses	15,527	4,251
Vehicle repairs expenses	2,173	709
Sundry vehicle expenses	1,485	1,494
Cleaning & Sanitation	9,832	5,084
Office Stationery & Printing	5,486	3,327
Rates	2,715	2,245
Subscription	4,301	6,448
Information Technology	1,486	1,356
Other expenses ***	36,430	49,952
Total cost of sales	15,713,827	13,062,094

*** Other expenses includes research and development, uniforms, telephone expenses, postal services and computer charges which were incurred by the Company during the year.

*Salaries & Other benefits includes Employer Pension for the year N9,727,634, (2021: N7,442,235)

** Rent represents amount amortised on short-term lease of warehouses during the year.

7(ii). Selling and distribution expenses

Salaries and other staff benefit*	80,012	88,452
Business travelling expenses	19,873	18,569
Distribution expenses	68,856	36,294
Corporate gifts/marketing investment	28,833	31,610
Depreciation of property, plant & equipment (Note 11 ii)	7,882	2,349
Electricity and Power	445	534
Office Stationery and Printing	345	-
Local repair and renewal	2,664	60
Advertisement and Publicity	910	-
Vehicle repairs, maintenance & fueling	5,854	3,643
Internet Charges/IT licencing renewal	18	5
Other expenses ***	3,309	265
	219,001	181,781

	N'000	N'000
Salaries and other staff benefit*	80,012	88,452
Business travelling expenses	19,873	18,569
Distribution expenses	68,856	36,294
Corporate gifts/marketing investment	28,833	31,610
Depreciation of property, plant & equipment (Note 11 ii)	7,882	2,349
Electricity and Power	445	534
Office Stationery and Printing	345	-
Local repair and renewal	2,664	60
Advertisement and Publicity	910	-
Vehicle repairs, maintenance & fueling	5,854	3,643
Internet Charges/IT licencing renewal	18	5
Other expenses ***	3,309	265
	219,001	181,781

*** Other expenses include all other expenses that are related to selling & distribution but not stated above such as, Miscellaneous/ sundry expenses, research and development, subscription etc which were incurred during the year.

* Salaries & other benefits include Employer's Pension N3,777,587 (2021: N3,802,543).



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

7(iii). Administrative expenses

Salaries and other staff benefit*		
Consultancy		
Auditor's fee**		
Subscription		
Board Expenses	27(ii)	
AGM expenses		
Information Technology		
Depreciation of property, plant & equipment (Note 11 ii)		
Amortisation of intangible assets (Note 11 iii)		
Insurance		
Management service fees (Note 24)		
Bank charges		
Business travelling & entertainment		
Electricity & Power		
Cleaning & Sanitation		
Security expenses		
Office stationery & printing		
Local repairs & renewal		
Rent		
Legal expenses		
Advertisement & Publicity		
Vehicles repairs, maintenance & fueling		
Other expenses ***		

Note	N'000 2022	N'000 2021
	158,692	166,864
	28,979	22,271
	12,900	10,863
	7,328	7,176
27(ii)	20,677	24,201
	6,409	5,968
	70,892	56,010
	9,846	6,674
	12,123	-
	22,988	18,963
	159,102	144,859
	13,676	12,635
	7,129	7,097
	2,625	3,918
	904	376
	3,981	710
	1,776	759
	3,742	1,399
	514	464
	1,555	490
	647	919
	2,641	1,467
	10,206	7,592
	559,332	501,676

*** Other expenses that are related to administrative expenses but not stated above such as Miscellaneous/ sundry expenses, computer charges etc which were incurred during the year.

*Salaries & Other benefits include Employer's Pension N8,549,923, (2021: N6,491,913).

** Audit Fees relates to the professional fees for our external auditor. There is no non-audit fees paid to KPMG in year 2022.

8. Other operating income

Sales of sacks		
Laboratory income *		
Weighing income**		
Sales of scrap		
Gain/(Loss) on disposal of property, plant and equipment		
Gain on Realized foreign currency revaluation		
Registration fees		
Dividend Income		
Insurance claim		
ITF refund		
Government Grant*** (Note 23.1)		
Total other operating income		

	2022 N'000	2021 N'000
	34,143	17,352
	576	920
	1,160	822
	1,111	1,638
	1,095	-9,817
	-2,745	-493
	1,180	1,190
	316	306
	-	2,125
	-	1,996
	116,426	-
	153,262	16,039



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

* The Company has Laboratories in Ikeja mill and Aba mill where third parties come for Lab analysis and pay for this service.

** Third parties made use of Livestock feeds Plc weighbridge to weigh their trucks and goods in Ikeja mill and Onitsha operation during the year.

9. Investment income

Interest income on short-term bank deposits
Interest Income - Unclaimed Dividend

	2022 N'000	2021 N'000
	4,733	534
	600	149
	5,333	683
<hr/>		
	716,120	298,449
	137,532	-
	853,652	298,449

10. Finance cost

Interest on loans
Interest on Commercial Paper**

**Interest on Commercial Paper:UAC Plc assisted us in sourcing for the sum of N3.005 Billion Commercial Paper(CP) to augment our working at an interest rate of 8.8% for 180 days. The fund was disbursed in May 2022 and fully liquidated in November 2022.

11(i). (Loss)/Profit before taxation

(Loss)/Profit before taxation is stated after charging:

Amortisation of intangible assets (Note 15)
Depreciation (Note 14)
Auditors remuneration (Note 7(iii))
Staff cost

11(ii). Depreciation of property, plant & equipment

Cost of Sales
Selling and distribution expenses
Administrative expenses

11(iii). Amortisation of intangible assets

Cost of Sales
Selling and distribution expenses
Administrative expenses

	12,775	543
	160,408	165,554
	12,900	10,863
	570,710	571,285
<hr/>		
7(i)	142,680	156,531
7(ii)	7,882	2,349
7(iii)	9,846	6,674
	160,408	165,554
<hr/>		
7(i)	652	543
7(ii)	-	-
7(iii)	12,123	-
	12,775	543



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation

(i) Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	2022 N'000	2021 N'000
Current tax expense:		
CIT	-	-
Education tax charge	-	20,203
Police trust fund levy	-	28
	-	20,231
Deferred tax:		
Relating to origination and reversal of temporary differences (Credit)/Charge for the year	(42,004)	42,004
Income tax charge	(42,004)	62,235
(ii) Reconciliation of the effective tax rate		
	2022 N'000	2021 N'000
(Loss)/profit before income tax	(781,392)	565,133
Income tax using statutory tax rate	(234,418)	169,540
Education tax at 2.5% of assessable profit	-	14,128
Investment allowance	-	427
Non deductible expenses	(1,905)	(1,262)
Impact of tax credit/losses not recognised	194,204	(123,683)
Others	116	3,084
Income tax recognised in profit or loss	(42,004)	62,235
Effective income tax rate	5%	11%
Deferred tax		
Deferred tax relates to the following:		
	2022 N'000	2021 N'000
Property, plant and equipment	124,958	122,386
Unutilised tax loss	(200,045)	-
Unutilised tax credit	(69,741)	(13,999)
Unrealised exchange gain	(862)	(130)
Expected credit losses of debt financial assets	(48,513)	(66,252)
Net deferred tax (assets)/(liabilities)	(194,204)	42,004
Unrecognised deferred tax	194,204	-
Net deferred tax(assets)/liabilities	-	42,004

(iii) Movement in deferred tax balance

	Balance as at 1 January 2022 N'000	Recognised in profit or loss N'000	Balance as at 31 December 2022 N'000
Property, plant and equipment	122,386	(122,386)	-
Unrealised exchange difference	(130)	130	-
Unutilised capital allowances	(13,999)	13,999	-
Provisions	(66,252)	66,252	-
Tax losses	-	-	-
	42,004	(42,004)	-



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

Deferred tax reflected in the statement of financial position as follows:

Deferred tax assets	-	-
Deferred tax liabilities	-	42,004
Deferred tax liabilities/(assets)	-	42,004

	2022 N'000	2021 N'000
	-	-
	-	42,004
	-	42,004
	2022	2021
	N'000	N'000
As of 1 January	93,591	43,034
Income tax expense for the year	-	20,231
Minimum tax	82,830	73,201
Payment during the year	(80,631)	(41,160)
WHT credit notes utilized during the year	-	(1,715)
As at 31 December	95,791	93,591

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The Company has not recognised deferred tax assets of N194.20 million in respect of deductible temporary differences as it is not probable that taxable profits will be available in future for utilisation. The tax rate applicable to this deductible temporary difference is 30% based on the relevant tax laws.

13. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year adjusted for any dilutive or potentially dilutive instruments.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

Earnings attributable to ordinary equity holders for basic earnings

Average number of ordinary shares for basic EPS

Basic earnings per share (Kobo)

Diluted earnings per share (Kobo)

	2022 N'000	2021 N'000
	(822,218)	429,697
	Thousands	Thousands
	2,999,999	2,999,999
	(27.41)	14.32
	(27.41)	14.32

There have been no other transactions involving ordinary shares or potential ordinary shares between reporting date and the date of authorisation of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

14a. Property, plant and equipment

	Leasehold Land N'000	Building N'000	Machinery & Equipment N'000	Motor Vehicles N'000	Office Equipment N'000	Computer equipment N'000	Capital work in progress N'000	Total N'000
1 January 2021	75,000	321,686	970,776	145,716	38,106	45,251	283,236	1,879,771
Additions	-	3,220	14,237	2,903	6,259	8,520	95,816	130,955
Disposal	(75,000)	(51,565)	(2,658)	(20,918)	(1,981)	(1,818)	-	(153,939)
Reclassification	-	1,757	71,886	19,599	12,992	-	(106,235)	-
31 December 2021	-	275,098	1,054,241	147,300	55,376	51,953	272,817	1,856,786
Additions	-	2,545	166,224	9,836	4,488	5,802	60,575	249,469
Disposal	-	-	-	(7,980)	(238)	(137)	-	(8,354)
Reclassification*	-	-	127	16,125	4,631	12,291	(33,175)	-
31 December 2022	-	277,643	1,220,593	165,281	64,257	69,909	300,218	2,097,901
Accumulated depreciation								
1 January 2021	72,899	162,329	619,886	118,567	31,308	39,219	-	1,044,208
Depreciation charge for the year	2,101	9,781	121,623	21,853	5,363	4,831	-	165,552
Disposal	(75,000)	(27,132)	(2,553)	(20,918)	(1,980)	(1,818)	-	(129,402)
31 December 2021	-	144,978	738,955	119,502	34,691	42,232	-	1,080,358
Depreciation charge for the year	-	8,733	114,871	21,979	6,445	8,379	-	160,408
Disposal	-	-	-	(7,980)	(92)	(136)	-	(8,208)
31 December 2022	-	153,711	853,826	133,500	41,044	50,475	-	1,232,558
Net book value								
31 December 2022	-	123,932	366,766	31,781	23,213	19,434	300,218	865,343
At 31 December 2021	-	130,120	315,286	27,798	20,685	9,721	272,817	776,428

There was no existence of restrictions on the title to the Company's Property plant and equipment. No asset was pledged as securities for liabilities during the year (2021: Nil). No contractual commitment on any of the Company's Property, plant and equipment.

14b. Analysis of Capital WIP into asset classes:

	2022 N'000	2021 N'000
Buildings	288,540	259,978
Machinery and Equipment	11,082	390
Office Equipment	-	183
Computer Hardware	597	12,266
	300,218	272,817

* Reclassification relates to cost of projects that were earlier posted to CWIP pending the completion of the projects.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

15. Intangible assets

(I) Computer software with definite useful life

Cost:

At 1 January

Additions

Reclassification**(Note 15ii)

At 31 December

Amortisation

At 1 January

Amortisation

At 31 December

Carrying value

	2022 N'000	2021 N'000
At 1 January	15,024	13,069
Additions	-	1,955
Reclassification**(Note 15ii)	248,655	-
At 31 December	263,680	15,024
At 1 January	13,612	13,069
Amortisation	12,775	543
At 31 December	26,387	13,612
Carrying value	237,293	1,412

Computer software consists of acquisitions costs of software used in the day-to-day operations of the Company.

** This relates to capitalization of the cost incurred on the new accounting software (SAP S4 HANA)

(ii) Capital work in progress-intangibles

Cost:

At 1 January

Additions

At 31 December

Amortisation

At 1 January

Amortisation

Reclassification

At 31 December

Carrying value

	2022 N'000	2021 N'000
At 1 January	33,439	-
Additions	215,216	33,439
At 31 December	248,655	33,439
At 1 January	-	-
Amortisation	-	-
Reclassification	(248,655)	-
At 31 December	(248,655)	-
Carrying value	-	33,439

The SAP project has been concluded and the cost incurred has been fully transferred to intangible assets.

(iii) Reconciliation of additions to Intangible assets in the Statement of Cashflows

Additions to Computer Software

Additions to Software under development

Additions per Statement of Cashflows

	2022 N'000	2021 N'000
Additions to Computer Software	-	1,955
Additions to Software under development	215,216	-
Additions per Statement of Cashflows	215,216	1,955

16. Inventories

Raw materials

Finished goods

Vet Drugs

Engineering spares

Diesel

Inventory with third party for conversion **

Other consumables

	2022 N'000	2021 N'000
Raw materials	3,553,662	7,373,621
Finished goods	112,181	225,486
Vet Drugs	443,980	495,425
Engineering spares	175,707	57,341
Diesel	21,993	6,688
Inventory with third party for conversion **	602,769	422,349
Other consumables	-	733
4,910,292	8,581,643	



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

During 2022, there was no write off and write down of Inventories by the Company (2021: Nil), In addition, the Company recognised N14,901,494,099 (2021: N12,313,143,649) as an expense for inventories carried at net realisable value). These are recognised in the cost of sales.

** Inventory with third party for conversion represents the value of the Company's inventory item of raw soya seed with Slabmark Nigeria Ltd and Apple and Pears Ltd for conversion of raw soya seeds to Soya bean meal and other raw materials (Maize, Soya Beans etc) at Northern Rice Oil Mills Ltd Warehouse in Kano for the Production of Animal Feeds.

17. Trade and other receivables

Receivables from third-party customers
Advance payments to suppliers*
Allowance for expected credit losses

Related Parties(Note 24)
Other receivables

Refund asset

	2022 N'000	2021 N'000
Receivables from third-party customers	201,928	181,680
Advance payments to suppliers*	36,325	926,299
Allowance for expected credit losses	(144,077)	(139,681)
	94,176	968,298
Related Parties(Note 24)	795,939	6
Other receivables	14,964	13,808
	905,079	982,112
Refund asset	4,683	3,327
	909,762	985,439

Trade receivables are non-interest bearing and are generally on terms of 90 days. For terms and conditions relating to related party receivables, refer to Note 24.

*Advance payments to suppliers relates to cash deposit to the suppliers of raw materials used in production of animal feeds.

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value. Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

	2022 N'000	2021 N'000
As at 1 January	(139,681)	(91,823)
Addition to expected credit losses	(4,396)	(47,858)
At 31 December	(144,077)	(139,681)

The information about the credit exposures are disclosed in Note 26.4.

Financial asset measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's Internal and internal credit rating system and yearend stage classification. The amounts presented are gross of impairment allowances. Details of the Company's grading system are explained in Note 26.4 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 26.4.

Financial assets measured at amortised cost

Internal grading system

Standard grade

	2022		2021	
	Stage 1 Individual N'000	Simplified Model Collective N'000	Total N'000	
	-	201,928	181,680	
	-	201,928	181,680	



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial assets measured at amortised cost

ECL allowance as at 1 January 2022
New assets originated or purchased

<i>Stage 1 Individual</i>	<i>Simplified Model Collective</i>	<i>Total</i>
<i>N'000</i>	<i>N'000</i>	<i>N'000</i>
-	(139,681)	(91,823)
-	(4,396)	(47,858)
-----	-----	-----
-	(144,077)	(139,681)
=====	=====	=====

Refund assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

(In thousands of naira)

As at 1 January
Amount deferred as a result of unexpired rights
Cost of sales recognized in the period from:
Expired right not exercised
As at 31 December

	2022	2021
	3,327	10,147
	4,683	3,327
	(3,327)	(10,147)
	4,683	3,327

18(i). Prepayments

Due within one year
Others**
Short-term lease prepayments
Insurance

	2022 N'000	2021 N'000
	14,624	21,169
	25,267	36,754
	-	23,224
	39,891	81,147

Reconciliation of Prepayment

As at 1 January
Additions
Amortization
As at 31 December

	81,147	50,507
	229,818	228,383
	(271,074)	(197,743)
	39,891	81,147

**Others relates to SAP licence fee, ODOO licence fee, internet services etc during the year.

The following are the amounts recognised in profit or loss:

Expense relating to short-term leases (included in Cost of sales and administrative expenses)

2022 N'000
53,602
53,602



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

18(ii) Short-term lease prepayments

These were lease payment for Warehouse made during the year for a lease period of one year i.e expired on 30 June 2022. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company applies the short-term lease recognition exemption for these leases.

Short-term lease prepayment consist of unamortised portion of short-term leases. Short-term leases are leases that, at the commencement date, have a lease term of 12 months. The lease payment is expensed over the lease term on a straight-line basis. It represents payment made in advance for rent, insurance, passage allowance, SAP licence fee etc. on assets.

18(iii) ROU Assets

Opening Balance
Addition
Amortization

Closing Balance

8,333	-
-	8,333
(8,333)	-
-	8,333

This relates to lease payment for Kano Warehouse made in 2021 for a lease period of two years and it is not stated in the lease agreement that the warehouse will be renewed i.e expired on 31 October 2023. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

19. Cash and short term deposit

Cash on hand
Cash at banks

2022 N'000	2021 N'000
46	41
355,620	186,450
355,666	186,491

Cash at banks earns interest at floating rates based on daily bank deposit rates

19.1. Call deposit

Short term deposit with First Bank of Nigeria Ltd

122,175	156,120
122,175	156,120

Call deposit relates to proceeds from shares issued in 2017 . It was stated in the rights circular that N290,488,415 will be utilised for the development of new site in Sagamu. The sum of N139.04m is the utilised fund as at December 31 2022 which has been invested in an interest yielding account

19.2. Other financial asset(Unclaimed dividend funds)

Unclaimed dividend funds

17,283	17,283
17,283	17,283

* Other financial assets relates to 90% of unclaimed dividend returned by the registrar of the Company. The amount was put in fixed deposit account by the Company. This is in compliance with the directives of the Nigeria Securities and Exchange Commission.

19.3. Interest Income earned on Unclaimed dividend funds till date

Interest earned

4,344	4,195
4,344	4,195

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and call deposit as included below

Cash on hand, cash at bank and call deposit

2022 N'000	2021 N'000
477,841	342,608

Call deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. During the reporting period, an expected credit loss assessment was performed on these(cash and cash equivalents) balances. The impairment allowance is considered immaterial.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

20. Issued capital and reserves

Authorised shares

2,999,999,418 ordinary shares of 50Kobo each

Ordinary shares issued and fully paid

2,999,999,418 ordinary shares of 50kobo each

Share premium

At 1 January

At 31 December

	N'000	N'000
	1,500,000	1,500,000
	1,500,000	1,500,000
	693,344	693,344
	693,344	693,344

21. Trade and other payables

Trade payables

Related parties (Note 24)

Other payables (Note 21.1)

Refund liabilities (Note 21.2)

	1,145,761	373,581
	634,262	26,191
	299,341	316,745
	2,079,364	716,517
	4,924	3,690
	2,084,288	720,207

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms
- Other payables are non-interest bearing and have an average term of six months
- For terms and conditions with related parties, refer to Note 24

For explanations on the Company's liquidity risk management processes, refer to Note 26.4.

21.1 Other payables

VAT payable

Accrued liabilities

WHT payable

PAYE

ITF

Pension

	2022 N'000	2021 N'000
	649	290
	250,211	297,949
	32,485	9,447
	11,086	4,076
	4,907	4,991
	-	(8)
	299,341	316,745
	4,924	3,690
	304,265	320,435

21.2 Refund liabilities

Refund liabilities

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to accounting policy on variable consideration.

(In thousands of naira)

As at 1 January

Amount deferred as a result of unexpired rights

Revenue recognized in the period from:

Expired right not exercised

As at 31 December

	2022	2021
	(3,690)	(11,194)
	(4,924)	(3,690)
	3,690	11,194
	(4,924)	(3,690)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

Net refund liabilities consist of the following at December 31:

(In thousands of naira)	2022	2021	Change	Change
Refund assets	4,683	3,327	1,356	41%
Refund liabilities	(4,924)	(3,690)	(1,234)	33%
Net refund liabilities	(241)	(363)	122	-34%

22. Dividend payable

Amounts recognised as dividend payable to ordinary shareholders in the year comprise:

As at 1 January
Dividend paid
As at 31 December

	2022 N'000	2021 N'000
	(17,384)	(20,768)
	-	3,384
	(17,384)	(17,384)

23. Interest-bearing loans and borrowings

Borrowings -Current

Commercial Loan-FBN
Commercial Loan-ZBN
CBN CACS FUND-UBN

	2022 N'000	2021 N'000
	2,068,532	5,652,074
	1,010,667	1,800,000
	495,820	-
	3,575,019	7,452,074

Reconciliation of interest-bearing loans and borrowings

As at 1 January
Additions
Government grant
Interest charged
Repayments(Principal and interest)
As at 31 December

	7,452,074	1,993,367
	10,321,410	7,734,103
	(121,392)	-
	853,652	298,449
	(14,930,726)	(2,573,845)
	3,575,019	7,452,074

Maturity

0 - 1 year
Over 1 year
Total

	3,575,019	7,452,074
	-	-
	3,575,019	7,452,074

23.1 Government grant

As at 1 January
Received during the year
Released to the statement of profit & loss
As at December

	2022 N'000	2021 N'000
	-	-
	121,392	-
	(116,426)	-
	4,966	-

The Company got an enhanced facility of N5 billion at 11.5% interest rate for 270 days and has been fully utilised as at February 2022 but N2.99 billion was liquidated as at December 2022 leaving an outstanding balance of N2.01 billion. The First Bank Facility is currently running at 16%. The Company also got N2 billion CACS fund which is a government intervention fund through Union Bank in the month of March 2022, the facility is currently running at a concessionary interest rate of 9%. It was initially running @5% but the increment took effect in the month of September 2022. N1.5 billion has been liquidated as at December 2022 and the balance of N500 million will be paid back in February 2023. The Company renewed the N2 billion Zenith bank facility @ 16% interest rate out of which N1 billion has been utilized for working capital.

Government Grant is the Savings made on interest paid on N2 billion facilities obtained from Central Bank of Nigeria through Union Bank Plc which is Federal government agriculture intervention fund(CACS). The facility was obtained at an interest rate of 5% but later increased to 9% in September 2022 as against prevailing 16% commercial rate.

The security for these facilities is letter of awareness from UACN Plc.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

24. Related party disclosures

The immediate and ultimate parent, as well as controlling party of the Company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to Livestock Feeds Plc through common shareholdings and directorship. The following table provides the total amount of transactions that have been entered into with related parties during the year.

	Relationship	Management service fees N'000	Purchases from related parties N'000	Sales to related parties	Amounts owed by related parties N'000	Amounts owed to related parties N'000
As at 31 December 2022						
Entity with control over the Company:						
UAC of Nigeria Plc	Parent Company	159,102	3,312,732	-	-	69,010
Other related party						
UAC Foods Ltd	Fellow Subsidiary	-	-	-	-	36
CAP PLC	Fellow Subsidiary	-	-	-	31	-
Grand Ceareal Nigeria Limited	Fellow Subsidiary	-	636,485	1,610,006	795,908	565,216
		159,102	3,949,217	1,610,006	795,939	634,262
As at 31 December 2021						
Entity with control over the Company:						
UAC of Nigeria Plc	Parent Company	144,859	36,092	-	-	23,908
Other related party:						
UAC Foods Ltd	Fellow Subsidiary	-	-	-	6	-
Grand Cereal Nigeria Limited	Fellow Subsidiary	-	1,896,384	1,149,321	-	2,282
		144,859	1,932,476	1,149,321	6	26,191

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables

25. Commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

Legal claim contingency

There is no contingent liability arising as a result of legal litigation as at year end.

26. Financial assets and financial liabilities

26.1 Financial assets

Cash and short term deposit (note 19)
Trade and other receivables (Note 17)

	2022 N'000	2021 N'000
	477,841	186,491
	905,079	982,112



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

26.2 Financial liabilities

Financial liabilities at amortised cost

Borrowing (Note 23)

Trade and other payables (Note 21)

Trade and other payables here exclude VAT and withholding tax payable

	2022 N'000	2021 N'000
Borrowing (Note 23)	(3,575,019)	(7,452,074)
Trade and other payables (Note 21)	(2,046,230)	(706,780)

26.3 Fair values

The carrying value of all financial assets and financial liabilities is a reasonable approximation of their fair value due to their current nature and the consequent insignificant of discounting no further fair value disclosures have been made.

26.4 Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables and Borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, and cash and bank balances that it derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the audit and governance committee of the Board that advises on risks and the appropriate risk governance framework for the Company. The audit and governance committee of the Board provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions, Recognised financial assets and liabilities not denominated in Naira units	Cash flow forecasting Sensitivity analysis	Contractual agreements on exchange rates
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate negotiations
Credit risk	Cash and cash equivalents, trade receivables.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit. Investment guidelines and held-to-maturity investments.
Liquidity risk	Borrowings and other liabilities		Availability of committed credit lines and borrowing facilities.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

26.4 Financial instruments risk management objectives and policies - Continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits and loans and borrowings.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to this risk as the Company has no long-term debt obligations at variable rates and does not account for any fixed rate instruments at fair value through profit or loss.

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company's exposure to foreign currency risk at the end of the reporting period expressed in the individual foreign currency unit was as follows:

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve and cash and bank balances (Note 19) on the basis of expected cash flows.

This is generally carried out at each of the respective mills in accordance with practice and limits set by the Company. These limits vary to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	> 5 years N'000	Total days N'000
Period ended 31 December 2022						
Trade and other payables	-	2,079,364			-	2,079,364
Interest-bearing loans and borrowings		3,079,198	495,820			3,575,019
	-	5,158,563	495,820	-	-	5,654,383
Year ended 31 December 2021						
		Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	> 5 years N'000	Total days N'000
Trade and other payables	-	716,517	-	-	-	716,517
Interest-bearing loans and borrowings		7,452,074				7,452,074
	-	8,168,591	-	-	-	8,168,591



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

26.4 Financial instruments risk management objectives and policies - Continued

Cash and short term deposits

Euro

United State Dollar (USD)

Pound sterling

2022		2021	
€	379	€	379
\$	4,574	\$	17,936
£	450	£	450

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

31 December 2022		31 December 2021	
Change in USD rate	Effect on profit before tax	Change in USD rate	Effect on profit before tax
	N'000		N'000
+10%	569	+10%	546
-10%	(569)	-10%	(546)

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to related parties and to customers, including outstanding receivables.

(i) Risk management

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties with a minimum national rating of 'A' are accepted.

There is no independent rating for customers. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

Sales to customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. The credit ratings of the investments are monitored for credit deterioration.

(ii) Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. However, some customers are required to provide postdated cheques for credit transactions while others are granted credit on the strength of their credibility and past performances. In the case of default, unpaid balances are set off against security deposit while others are referred to debt collection agents.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There are no credit ratings for Livestock feeds plc trade and other receivables. Credit ratings from Global Credit Rating Co. (GCR) are highlighted below:



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

Cash at bank and short-term bank deposits A+(nga)
Unrated cash and cash equivalents
Unrated trade and other receivables
Maximum credit exposure

2022 N'000	2021 N'000
477,795	203,733
46	41
905,079	982,112
1,382,920	1,185,886

(iii) Impairment of trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several states, unrelated and diverse.

Impairment allowance for financial assets

In assessing the Company's internal rating process, the Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the Company's customers and counter parties from Internal parties. This includes Internal rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the Company's performance.

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

26.4 Financial instruments risk management objectives and policies - continued

Set out below is the information about the credit risk exposure on the Company's trade and other receivables using a provision matrix:

	Days past due					Total N'000
	Current N'000	<90 days N'000	90-180 days N'000	180-360 days N'000	>360 days N'000	
31-Dec-22						
Expected credit loss rate	25.45%	55.31%	70.32%	78.00%	100.00%	
Estimated total gross carrying amount at default	64,425	13,947	-	16,303	107,252	201,928
Expected credit loss	(16,394)	(7,714)	-	(12,717)	(107,252)	(144,018)
31-Dec-21						
Expected credit loss rate	28.04%	54.18%	66.67%	75.77%	100.00%	
Estimated total gross carrying amount at default	32,228	15,315	4,656	42,247	87,235	181,680
Expected credit loss	(9,036)	(8,297)	(3,104)	(32,009)	(87,235)	(139,681)

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2022 N'000	2021 N'000
In thousands of Naira		
Balance as at 1 January 2022	(139,681)	(91,823)
Additional expected credit losses	(4,396)	(47,858)
Balance at 31 December	(144,077)	(139,681)

27.(i) Staff numbers and costs

The table below shows the number of employees (excluding directors), who earned over N500,000 as emoluments in the year and were within the bands stated.

Staff Numbers by function	2022 Number	2021 Number
Direct	51	50
Admin	14	13
Sales & Marketing	22	21
	87	84
N500,001-N600,000	-	-
N600,001-N700,000	2	2
N700,001-N800,000	1	1
N800,001-N1,000,000	7	7
N1,000,001-N1,200,000	5	5
N1,200,001-N1,300,000	-	-
N1,300,001- N1,500,000	1	1
Above N1,500,000	71	68
	87	84



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

Staff costs for the above persons (excluding Non-Executive Directors):

	2022 N'000	2021 N'000
Salaries and wages	548,654	553,548
Pension cost	22,056	17,737
	570,710	571,285

(ii) Emoluments of Non-Executive Directors

	2022 N'000	2021 N'000
(a) Fees	850	1,050
Passage Allowance	10,500	13,000
Other Emoluments	9,327	10,131
	20,677	24,181
(b) The Chairman's Emoluments	3,970	3,970

(iii) Key management compensation

Key management have been defined as the managing director and executive committee members

	2022 N'000	2021 N'000
Key management compensation includes:		
Short-term employee benefits:		
Wages and salaries-Managing Director	30,312	26,147
Wages and salaries-Executive Committee Members	85,369	44,906
	115,680	71,053

28. Technical support agreements

The Company has commercial services agreement with UACN Plc for support services. Expense for management services fee (representing 1% of turnover of the Company excluding intercompany sales to Grand Cereals Ltd) is N159.10million (2021: N144.86million).

29. Events after the reporting period

There were no events after the reporting date that require adjustment in the financial statements of the Company that had not been adequately provided for or disclosed in the financial statements.

30. Securities trading policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Livestock Feeds Plc maintains a Security Trading Policy which guides



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

31. Provision of Audit and non-audit Services

In compliance with FRC Rule No 3 mandating the disclosure of the value and the nature of the audit and non-audit services provided by Company's external auditor, KPMG Professional Services. The Company did not engage KPMG for non-audit service this year.

32. Livestock Feeds Plc-Free Float Computation

Company Name:	Livestock Feeds Plc
Board Listed:	Main Board
Period End:	December 31
Reporting Period:	31 December 2022
Share Price at end of reporting period:	N1.09(2021: N2.22)

Shareholding Structure/Free Float
Description

Description	31-Dec-22		31-Dec-21	
	Units	Percentage	Unit	Percentage
Issued Share Capital	2,999,999,418	100%	2,999,999,418	100%
Substantial Shareholdings(5% and above)				
UAC of Nigeria Plc	2,198,745,772	73.29%	2,198,745,772	73.29%
Total Substantial Shareholdings	2,198,745,772	73.29%	2,198,745,772	73.29%
Directors' Shareholdings(direct and indirect)				
Dr. Joseph Dada	-	-	-	-
Mr. Adebolanle Badejo	-	-	-	-
Mr. Adegboyega Adedeji	-	-	-	-
Mr. Peter Mombaur	-	-	-	-
Mrs.Temitope Omodele	-	-	-	-
Mr Abayomi Adeyemi	-	-	-	-
Other Influential Shareholdings				
Total Other Influential Shareholdings				
Free Float in Units and Percentage	801,253,646	26.71%	801,253,646	26.71%
Free Float in Value	N873,366,474.14		N1,722,695,338.90	

Declaration:

(A) Livestock Feeds Plc with a free float percentage of 26.71% as at 31 December 2022, is compliant with the Exchange's free float requirements for companies listed on the Main Board.



STATEMENT OF VALUE ADDED AS AT 31 DECEMBER 2022

	2022 N'000	%	2021 N'000	%
Revenue	16,410,221		14,640,268	
Other income	(153,262)		(16,039)	
Finance income	(5,333)		(683)	
	<u>16,251,626</u>		<u>14,623,546</u>	
Bought in services				
- Foreign	(9,310,982)		(7,882,672)	
- Local	(6,207,321)		(5,255,115)	
	<u>733,323</u>	100	<u>1,485,759</u>	100
Applied as follows:				
Employees				
Salaries and other labour related benefits	570,710	78	571,285	38
Lenders				
Interest expense	853,652	115	298,449	20
Government				
Taxation	-	-	20,231	1
Retained in the Business				
Deferred Tax	(42,004)	(6)	-	-
Depreciation and amortisation	173,183	25	166,097	11
(Loss)/profit for the year	(822,218)	(112)	429,697	29
	<u>733,323</u>	<u>100</u>	<u>1,485,759</u>	<u>100</u>



FIVE YEAR FINANCIAL SUMMARY

AS AT 31 DECEMBER 2022

	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Assets					
Non-current assets	1,102,636	819,612	835,562	858,700	996,921
Current assets	6,355,069	10,008,123	5,638,578	3,175,210	2,947,498
Total assets	7,457,705	10,827,735	6,474,140	4,033,910	3,944,419
Equity					
Issued capital	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Share premium	693,344	693,344	693,344	693,344	693,344
Revenue reserve	(513,087)	309,131	(120,566)	(623,752)	(730,104)
Total equity	1,680,257	2,502,475	2,072,778	1,569,592	1,463,240
Liabilities					
Non-current liabilities	-	42,004	-	-	-
Current liabilities	5,777,448	8,283,256	4,401,362	2,464,318	2,481,179
Total liabilities	5,777,448	8,325,260	4,401,362	2,464,318	2,481,179
Total equity and liabilities	7,457,705	10,827,735	6,474,140	4,033,910	3,944,419

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Revenue	16,410,221	14,640,268	11,179,328	9,955,222	7,834,018
(Loss)/profit before minimum taxation	(781,392)	565,133	546,071	112,630	(761,227)
Minimum tax	(82,830)	(73,201)	(27,948)	-	-
(Loss)/profit before taxation	(864,222)	491,932	518,123	112,630	(761,227)
Taxation	42,004	(62,235)	(14,936)	(6,277)	140,916
(Loss)/profit for the year	<u>(822,218)</u>	<u>429,697</u>	<u>503,187</u>	<u>106,353</u>	<u>(620,311)</u>



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UAC

LIVESTOCK FEEDS PLC



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Livestock Feed Plc
1, Henry Carr Street,
off Akanni Doherty Road,
off Oba Akran way,
Ikeja, Lagos.

LAGOS: 08077281574, 08077281527
ABA: 08077257574, 08077281492
ONITSHA: 08077281485, 08077257575
JOS: 08077281472, 08077281465

e-mail: info@livestockfeedsplc.com
website: www.livestockfeedsplc.com



COMPANY ACTIVITIES



Small holding farm @ Government Girls Secondary School, Tokarawa, Kano



Cross section of guest at the commissioning of Small holding farm @ Government Girls Secondary School, Tokarawa, Kano



At Nigeria Poultry Show, 2022



Agbor Spot Clinic



Ondo Spot Clinic



2022 Corporate Social Responsibility (CSR) Kano



Cross section of participants at the commissioning of Small holding farm @ Government Girls Secondary School, Tokarawa, Kano



Participants at the commissioning of Small holding farm @ Government Girls Secondary School, Tokarawa, Kano

Affix Current Passport

Write your name at the back of your passport photograph

Only Clearing Banks are acceptable

Instruction

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

The Registrar,

Cardinal Stone Registrars, Limited
358, Herbert Macaulay Way, Yaba,
P.O. Box 9117, Marina, Lagos
Nigeria.

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 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 Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PET. PLC	
	AFRIK PHARMACEUTICALS PLC	
	AG HOMES SAVINGS & LOANS	
	AG LEVENTIS	
	ARBICO PLC	
	ASHAKACEM PLC	
	BANKERS WAREHOUSE	
	BETA GLASS	
	CAPITAL HOTEL PLC	
	ELLAH LAKES	
	EVANS MED PLC	
	FCMB BOND	
	FCMB GROUP PLC	
	FIDSON BOND	
	G. CAPPA PLC	
	GUINEA PLC	
	IMB ENERGY MASTER FUND	
	JOS INT. BREWERIES PLC	
	KOGI SAVINGS & LOAN LTD	
	LAFARGE AFRICA PLC	
	LAFARGE BOND	
	LAW UNION & ROCK PLC	
	LEGACY FUND	
	LIVESTOCK FEEDS PLC	
	MORISON PLC	
	MRS OIL PLC	
	NAHCO BOND	
	NAHCO PLC	
	NEWPAK PLC	
	N.G.C PLC	
	NGC STERILE	
	NPF MICROFINANCE BANK	
	NULEC INDUSTRIES PLC	
	OKOMU OIL PALM PLC	
	PREMIER PAINT PLC	
	REAN PLC	
	SKYE BANK PLC	
	TOTAL NIG. PLC	
	TRANEX PLC	
	WOMEN INVESTMENT FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-7120090



UNCLAIMED DIVIDENDS

Currently, our unclaimed dividend account indicate that some dividend warrants have been returned to the Registrars as unclaimed either because the addresses could not be traced or because the affected shareholders no longer live at the addresses.

Affected shareholders are pleased requested to contact the Registrars to update their records and furnish their bank and stockbroker details for e-mandate.

The Registrar Cardinal Stone (Registrars) Limited, 335/337, Herbert Macaulay Way, Yaba, Lagos. Telephone: 01-7120090, Email: registrars@cardinalstones.com

The dividends are set out below:

DIVIDEND NO.	AMOUNT UNCLAIMED (₦)	AMOUNT RETURNED TO COMPANY (₦)	AMOUNT IN CUSTODY (₦)
40	18,516,408.89	20,667,755.68	1,223,021.21



FULL DEMATERIALIZATION FORM FOR MIGRATION

To: The Registrar _____

Name of Company: _____

Instruction: Please fill out the form in CAPITAL LETTERS

Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in the company stated below. I recognize this will invalidate any certificate(s) in my possession, or which might come into my possession in respect of my total holding(s) in this/this company.

SECTION A:

SHAREHOLDER'S FULL NAMES: _____
(Surname) First Name, Middle Name

Address: _____

GSM Numbers: _____ Registrar's Id No (RIN): _____

CSCS Investor's Acct Number: _____ Clearing House Number(CHN): _____

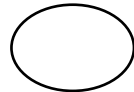
Bank Name: _____ Bank Account Name: _____

BVN: _____ Preferred Bank Account No (NUBAN) for Direct Settlement: _____

Email Address: _____

Name Of Stockbroking firm of choice: _____ Stockbroker's Code (optional) _____

Affix
Passport
Photograph



Thumb Print

Authorized signature and stamp of stockbroker _____

Shareholder's signature _____

2nd signature (if applicable) _____

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS

S/N	CERTIFICATE NO. (IF ANY)	UNITS



Company
Seal

SECTION B: INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request the Registrar to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above. The holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and the Registrars against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and /or the Registrars by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsoever. I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to the Registrars or their successors or assigns without cost, fee or reward.

S/N	CERTIFICATE NO. (IF ANY)	UNITS

Dated this _____ Day of _____ 20_____

Name: _____

Signature: _____

Joint (ii) (if applicable): _____

Joint (iii) (if applicable): _____



Company
Seal

In the Presence of:

Name: _____ GSM NO: _____ Signature: _____

Address: _____

This is to be executed by the shareholder's stockbroker, banker or insurance company.

On behalf of _____, we hereby agree jointly and severally to keep the company and /or the Registrar or other persons acting on their behalf fully indemnified against all actions, proceedings, Liabilities, claims, losses, damages, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments, losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom.

Authorised Signatory (1): _____ Authorised Signatory (2): _____



Company
Seal



PROXY FORM

Annual General Meeting of Livestock Feeds Plc to be held on Wednesday 19th July 2023 at Festival Hotel, Diamond Estate, Amuwo Odofin, Lagos at 10.00am.

Livestock Feeds Plc – (RC.3315)

I/We.....

.....

of
.....
being a member/members of LIVESTOCK FEEDS PLC,
hereby appoint **
failing him, or the Chairman of the meeting as my/our proxy
to vote for on my/our behalf at the Annual General Meeting
of the Company to be held on Wednesday July 19, 2023 at
10am and at any adjournment thereof. Unless otherwise
instructed, the Proxy will vote or abstain from voting as
he/she thinks fit.

Dated this day of 2023

Shareholder's signature:

**IF YOU ARE UNABLE TO ATTEND THE MEETING
PLEASE NOTE:**

A member (shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote on a poll by proxy form. The representative of any Corporation, which is a member, may also vote on a show of hands. The above proxy form has been prepared to enable you exercise your rights to vote; in case you cannot personally attend the Annual General Meeting.

If the Shareholder is a Corporation, this form must be under its common seal or under the hand of a duly authorised officer or attorney.

In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.

Following the normal practice, the chairman of the meeting has been entered on the card to ensure that someone will be at 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 the meeting and vote on your behalf instead.

Please sign the above proxy form, have it stamped by the Commissioner for Stamp Duties and post it so as to reach the address on the reverse side not less than 48 hours before the time for holding the meeting. If executed by a Corporation, the Proxy Card should be sealed with the common seal.

IMPORTANT

- (a) The name of the Shareholder must be written in BLOCK CAPITALS on the proxy form where marked.
- (b) This admission form must be produced by the Shareholders or his proxy.
- (c) Shareholders or their proxies are requested to sign the admission form before attending the meeting.

ORDINARY BUSINESS		FOR	AGAINST	ABSTAIN
1.	To lay before the members the Audited Financial Statements for the year ended December 31, 2022 and the Report of Directors, Auditors and Audit Committee thereon.			
2.	To re-elect the following Directors retiring by rotation:			
	1. Dr. Joseph I. Dada			
	2. Mr. Abayomi Adeyemi			
3.	To elect Mrs. Temitope Omodele as a Non-Executive Director of the Company			
4.	To authorize the Directors to fix the remuneration of the Auditors			
5.	To elect members of the Statutory Audit Committee			
6.	To disclose the Remuneration of Managers			
SPECIAL BUSINESS				
7.	To fix the remuneration of the Directors			
8.	To renew the general mandate given to the Company to enter into recurrent transactions with related parties.			
9.	To approve the amendment of Memorandum and Articles of Association and to file with the regulators			
Please indicate, by marking 'X' in the appropriate space, how you wish your votes to be cast on the resolutions set out above.				

Before posting the above form, please tear off this part and retain for admission at the meeting.

ADMISSION CARD

SERIAL NUMBER:

NUMBER OF SHARES:

**LIVESTOCK FEEDS PLC (RC 3315)
59TH ANNUAL GENERAL MEETING**

Please admit the Shareholder named on this Admission Card or his or her duly appointed proxy to the Annual General Meeting of the Company to be held on July 19, 2023 at the FESTIVAL HOTEL, DIAMOND ESTATE, Amuwo Odofin, LAGOS at 10.00am.

**Rose Joshua Hamis (Mrs.)
AG. Company Secretary
1, Henry Carr Street Ikeja Lagos**

Name of Shareholder _____

Signature of Shareholder _____



**AFFIX
POSTAGE
STAMP**



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CARDINALSTONE (REGISTRARS) LIMITED,
335/337 HERBERT MACAULAY WAY, YABA, LAGOS.**



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...quality feeds nationwide

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Lagos:
08034481364

Aba:
080368560224



info@livestockfeedsplc.com

North:
08037160232

Onitsha:
08068339495



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- ✓ **Optimum Weight Gain**
- ✓ **Longer Floating Period**
- ✓ **Excellent Feed Conversion**

Address:

Livestock Feeds Plc

1 Henry Carr Street Off Akani Dohetty,
Street Off Oba Akran Road Ikeja, Lagos State

Phone Number:

Lagos: 08034481364, **Aba:** 08036856022, **Onitsha:** 08068339495, **North:** 08037160232

Email: info@livestockfeedsplc.com, **Website:** livestockfeedsplc.com

LIVESTOCK FEEDS PLC



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a subsidiary of  of nigeria plc