

You are advised to read and understand the contents of this Rights Circular. If you are in any doubt about the actions to be taken, you should consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately. Investors are advised to note that liability for false or misleading statements or acts made in connection with the Rights Circular is provided in sections 85 and 86 of the Investments and Securities Act No. 29, 2007 (the "Act")

For information concerning certain risk factors which should be considered by prospective investors, see **Risk Factors on pages 30 to 32** of the Shelf Document



Flour Mills of Nigeria Plc
RC2423

Rights Issue of 1,476,142,418 ordinary shares of 50 kobo each at ₦27.00 per share.

On the basis of **9 new ordinary shares** for every **16 ordinary shares** held as at the close of business on **08 December 2017**

Series 1 under the ₦40,000,000,000 Rights Issue Programme

The rights being offered in this Rights Circular are tradable on the floor of The Nigerian Stock Exchange for the duration of the Acceptance period of the Issue.

Payable in full on Acceptance

ACCEPTANCE LIST OPENS: 15 January 2018
ACCEPTANCE LIST CLOSES: 21 February 2018

This Rights Circular is prepared in connection with the ₦40,000,000,000 Rights Issue Programme by Flour Mills of Nigeria Plc. This Rights Circular is supplemental to, and should be read in conjunction with the Shelf Document, dated **04 March 2016** as amended and/or supplemented from time to time, which together, constitute the offer documents. This Rights Circular will be available for download on the Securities and Exchange Commission's ("SEC" or "Commission") website (www.sec.gov.ng) and the website of Flour Mills of Nigeria Plc (www.fmnplc.com).

To the extent that there is any conflict or inconsistency between the contents of this Rights Circular and the Shelf Document, the provisions of this Rights Circular shall prevail. Any capitalised terms not defined in this Rights Circular shall have the meanings ascribed to them in the Shelf Document.

The registration of the Shelf Document and this Rights Circular shall not be taken to indicate that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Document or this Rights Circular. This Rights Circular contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the securities being issued hereunder. Application has been made to the Council of The Nigerian Stock Exchange for the admission of the shares to the Daily Official List of the Exchange.

The Directors of the Company accept responsibility for the information contained in this Rights Circular and declare that having taken reasonable care to ensure that the information contained in this Rights Circular is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Document as amended and/or supplemented from time to time has arisen or has been noted, as the case may be, since the publication of the Shelf Document as amended and/or supplemented from time to time.

Lead Issuing House



Joint Issuing Houses



This Rights Circular and the securities which it offers have been cleared and registered by the Securities and Exchange Commission. The Investments and Securities Act No. 29, 2007 provides for civil and criminal liabilities for the issue of a Rights Circular which contains false or misleading information. The clearance and registration of this Rights Circular and the securities which it offers do not relieve the parties of any liability arising under the Act for false and misleading statements or for any omission of a material fact in this Rights Circular.

This Rights Circular is dated 05 January 2018

IMPORTANT NOTICE

Forward Looking Statements

Certain statements in this Rights Circular may constitute forward looking statements that involve a number of risks and uncertainties. These forward looking statements include statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, the Company's strategies, future plans and the industry in which it operates. Prospective investors should be aware that forward looking statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward looking statements contained in this Rights Circular. Actual results could differ materially from those contained in such forward-looking statements as a result of a variety of factors.

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DEFINITIONS

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them.

“Agri Palm”	Agri Palm Limited
“BAGCO”	BAGCO, a division of FMN
“BOI”	Bank of Industry
“CAMA”	Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004
“CBN”	Central Bank of Nigeria
“CHN”	Clearing House Number
“CSCS”	Central Securities Clearing System Plc
“Court”	The Federal High Court of Nigeria
“Daily Official List”	Daily Official List of The Nigerian Stock Exchange
“Directors”	The members of the Board of Directors of FMN who as at the date of this document are those persons whose names are set out on page 12 of this Rights Circular
“FBNQuest Merchant Bank”	FBNQuest Merchant Bank Limited
“FMN” or the “Company” or the “Issuer”	Flour Mills of Nigeria Plc
“Group”	Flour Mills of Nigeria Plc, together with its subsidiaries
“IFRS”	International Financial Reporting Standards
“Issue” or “Rights Issue”	The Rights Issue by way of provisionally allotted rights to shareholders whose names appear on the Register of Members of the Company as at the close of business on 08 December 2017, of 1,476,142,418 ordinary shares of 50 kobo each in the Company, on the basis of 9 new ordinary shares for every 16 Ordinary Shares held by them on that date
“Issuing Houses”	Stanbic IBTC Capital Limited, FBNQuest Merchant Bank Limited and Zenith Capital Limited
“NAFDAC”	National Agency for Food and Drug Administration and Control
“NEFT”	NIBSS Electronic Funds Transfer
“NGAAP”	Nigerian Generally Accepted Accounting Principles
“NIBSS”	Nigeria Inter-Bank Settlement System
“Ordinary Shares”	The ordinary shares held by the shareholders of the Company
“Participation Form”	Form that must be duly completed by each shareholder in order to participate in the Rights Issue as contained on page 36 of this Rights Circular
“Programme”	The Rights Issue Programme referred to in this Rights Circular pursuant to which the Company may from time to

DEFINITIONS

	time issue new shares by way of rights to existing shareholders whose names appear in the Register of Members of the Company as at the applicable Qualification Dates, in several series provided however that the aggregate value does not exceed ₦40,000,000,000
“Qualification Date”	08 December 2017
“Receiving Agents”	Any of the institutions listed on page 35 of this Rights Circular to which shareholders may return their completed Participation Forms together with payment/evidence of payment
“Receiving Banks”	Stanbic IBTC Bank PLC, First Bank of Nigeria Limited and Zenith Bank Plc
“Register of Members”	The register that records the names and addresses of the members of the Company
“Registrars”	Veritas Registrars Limited
“RIN”	Registrar Identification Number given to the shareholders by the Registrars who do not have CSCS accounts to warehouse their units of shareholding in public companies under Registrars custody at the CSCS
“Rights Circular”	This document to be issued pursuant to the Shelf Document, which is issued in accordance with the rules and regulations of the Commission
“ROM Oil Mills”	ROM Oil Mills Limited
“RTGS”	Real Time Gross Settlement
“SEC” or the “Commission”	Securities and Exchange Commission
“Shelf Document”	The Shelf Document dated 04 March 2016, which is issued in accordance with the Rules and Regulations of the Commission, which details the aggregate size and broad terms of the Programme
“Solicitors”	The New Practice
“Stanbic IBTC Capital”	Stanbic IBTC Capital Limited
“Stockbroker”	Stanbic IBTC Stockbrokers Limited
“Sunti Golden Sugar”	Sunti Golden Sugar Estates Limited
“Thai Farm”	Thai Farm International Limited
“The NSE” or “The Exchange”	The Nigerian Stock Exchange
“Working Day”	Any day other than a Saturday, Sunday or official public holiday declared by the Federal Government of Nigeria from time to time
“Zenith Capital”	Zenith Capital Limited

INDICATIVE TIMETABLE

The dates below, which reflect principal events of the Rights Issue, are indicative only and subject to change without notice:

DATE	ACTIVITY	RESPONSIBILITY
15 January 2018	Acceptance List opens / Trading in Rights begins	Issuing Houses / Stockbrokers
21 February 2018	Acceptance List closes / Trading in Rights closes	Issuing Houses / Stockbrokers
28 February 2018	Receiving Agents make returns	Issuing Houses / Receiving Agents / Registrars
20 March 2018	File allotment proposal and draft newspaper announcement with SEC	Issuing Houses
22 March 2018	Receive SEC's clearance of allotment proposal	Issuing Houses
23 March 2018	Pay net Issue proceeds to FMN	Receiving Banks
26 March 2018	Publish Allotment announcement	Issuing Houses
26 March 2018	Return surplus / rejected application monies	Issuing Houses / Registrars
26 March 2018	Credit CSCS accounts	Registrars
04 April 2018	Forward Declaration of Compliance to The Exchange	Stockbrokers
05 April 2018	Listing of new FMN shares / trading commences	Stockbrokers
19 April 2018	Forward Issue summary report to SEC	Issuing Houses

CORPORATE DIRECTORY

FMN is a diversified food and agro-allied company with its registered office as follows:

1. Head Office and Registered Address:

1 Golden Penny Place
Wharf Road
Apapa
Lagos

+234 705 689 1000

www.fmnplc.com

2. The addresses of FMN's subsidiaries are as follows:

	Company Name	Address
1	Agri Palm Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
2	Agri Estates Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
3	Agro Allied Farms Sunti Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
4	Agro Allied Syrups Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
5	Apapa Bulk Terminal Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
6	Best Chickens Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
7	Crestview Towers Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
8	Golden Agri Inputs Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
9	Golden Shipping Company Nigeria Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
10	Golden Sugar Company Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
11	Kaboji Farms Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
12	Nigerian Eagle Flour Mills Limited	1st Floor, Oxford House, 4 Jubilee Market Street, Dugbe, Ibadan
13	Northern Nigeria Flour Mills Plc	15 Maimalari Road, Bompai Industrial Estate, P.O. Box 6640, Kano
14	Olympic Towers Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
15	Premier Feed Mills Company Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
16	ROM Oil Mills Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos
17	Thai Farm International Limited	1 Golden Penny Place, Wharf Road, Apapa, Lagos

SUMMARY OF THE RIGHTS ISSUE

This summary draws attention to information contained elsewhere in this Rights Circular; it does not contain all of the information you should consider in making your investment decision. You should therefore read this summary together with the more detailed information, including the financial summary elsewhere in this Rights Circular.

- 1. Issuer:** Flour Mills of Nigeria Plc.
- 2. Lead Issuing House:** Stanbic IBTC Capital Limited.
- 3. Joint Issuing Houses:** FBNQuest Merchant Bank Limited and Zenith Capital Limited.
- 4. Share Capital:**
 - Authorised: ₦2,500,000,000 divided into 5,000,000,000 Ordinary Shares of 50 kobo each.
 - Issued and fully paid: ₦1,312,126,594 divided into 2,624,253,188 Ordinary Shares of 50 kobo each.
 - Now being issued: 1,476,142,418 ordinary shares of 50 kobo each at ₦27.00 per share.
 - Gross Issue Proceeds: ₦39,855,845,286.00.
- 5. Purpose:** The Rights Issue is being undertaken as part of the long-term plan to strategically position FMN for sustainable growth. The Rights Issue will enable FMN optimise its balance sheet, repay part of its existing debt obligations, reduce its finance costs and provide working capital support.
- 6. Use of Proceeds:** The net issue proceeds estimated at ₦39,171,345,502 (after deducting issue costs of ₦684,499,784 representing 1.72% of the Issue) will be applied as shown below:

		N'bn	%	Time to completion
1.	Repayment of overdraft facilities	11.90	30	Immediate
2.	Repayment of short term loans	17.53	45	Immediate
3.	Working Capital	9.74	25	On-going
		39.17	100	
- 7. Capacity Utilisation:** As at 30 September 2017, the average capacity utilisation of the Company's mills was approximately 55%.

Details on the use of proceeds are provided on pages 27 and 28.
- 8. Method of Issue:** By way of rights to existing shareholders.
- 9. Provisional Allotment:** 9 new ordinary shares for every 16 Ordinary Shares of 50 kobo each held as at the close of business on 08 December 2017 by those shareholders whose names appear on the Register of Members and transfer books of the Company as at that date.
- 10. Issue Price per share:** ₦27.00.
- 11. Payment:** In full on acceptance.
- 12. Market capitalisation at Rights Issue Price (Pre-Issue):** ₦70,854,836,076.00.

SUMMARY OF THE RIGHTS ISSUE

13. **Market capitalisation at Rights Issue Price (Post-Issue):** ₦110,710,681,362.00.
14. **Opening Date:** 15 January 2018.
15. **Closing Date:** 21 February 2018.
16. **Application for Additional Shares:** Ordinary shares which are not taken up by 21 February 2018 will be allotted on a pro-rata (equal) basis to existing shareholders who applied and paid for additional shares over and above their provisional allotment. Shareholders, who do not accept their provisional allotment in full, may have their shareholding in the Company diluted.
17. **Underwriting:** This Issue is not underwritten.
18. **Consolidated Financial Summary:**

	Unaudited 6 months ended 30 September	----->N'millions <-----		
		----->Audited year ended 31 March<-----		
	2017	2017	2016	2015
Revenue	298,443	524,464	342,586	308,757
Profit before taxation	13,477	10,473	11,489	7,725
Profit after taxation	9,356	8,836	14,420	8,463
Retained earnings	66,136	60,451	54,901	45,967
Share capital	1,312	1,312	1,312	1,312
Equity	107,833	102,544	95,766	87,410
Total assets	405,570	482,603	345,348	343,261
Earnings per share (Naira)	3.17	3.03	5.57	3.45

19. **Quotation:** FMN's entire issued and paid-up share capital is listed on The Exchange. An application has been made to The Council of The Exchange for the admission to its Daily Official List of the 1,476,142,418 ordinary shares being offered by way of Rights Issue.
20. **Status:** The new ordinary shares being issued will rank *pari passu* in all respects with the existing issued Ordinary Shares of the Company.
21. **Indebtedness:** As at 30 September 2017, the Company had outstanding indebtedness of ₦147.2 billion, which included:
- ₦29.8 billion from loan facilities obtained from the CBN / BOI Power and Aviation Intervention Fund in different tranches at fixed interest rates between 7% and 10% per annum
 - ₦19.0 billion from loan facilities obtained from the CBN Commercial Agricultural Credit Scheme at an interest rate of 9% per annum
 - ₦6.3 billion Real Sector Support Facility obtained from loan facility from CBN at an annual interest rate of 9%
 - ₦29.4 billion from Commercial Paper notes issued at interest rates between 19% and 23.75%
 - ₦56.8 billion from other term loan facilities at an interest rates between 13% and 25%
 - ₦6.0 billion from loan facilities obtained from commercial banks at interest rates between 12.5% and 16.5%.

22. Claims and Litigation:

“In the ordinary course of its business, FMN is currently involved in thirty (30) lawsuits out of which ten (10) were either instituted by FMN or FMN filed a counter claim while twenty (20) of the suits were instituted against FMN.

The total amount claimed in the lawsuits that were either instituted by FMN or in which it filed a counter-claim is approximately ₦261,830,126.13 (Two Hundred and Sixty One Million, Eight Hundred and Thirty Thousand, One Hundred and Twenty Six Naira, Thirteen Kobo).

The amount claimed in the lawsuits instituted against FMN, is ₦1,095,360,962.19 (One Billion, Ninety Five Million, Three Hundred and Sixty Thousand and Nine Hundred and Sixty Two Naira, Nineteen Kobo) and €79,700 (Seventy Nine Thousand, Seven Hundred Euros).

In the opinion of the Solicitors, the contingent liability to which FMN may likely be exposed on account of these matters are not likely to exceed the sum of ₦1,095,360,962.19 (One Billion, Ninety Five Million, Three Hundred and Sixty Thousand and Nine Hundred and Sixty Two Naira, Nineteen Kobo) and €79,700 (Seventy Nine Thousand, Seven Hundred Euros). Having considered the information provided by the solicitors defending the various claims against FMN and made such other enquiries, as the Solicitors consider necessary and appropriate, the Solicitors are of the opinion that none of the claims against FMN is material in the context of the proposed Rights Issue.

Except as stated above, the Solicitors are not aware of any other pending or threatened claims involving FMN which are material to the proposed Rights Issue. The Solicitors are also of the opinion that none of the cases referred to above is likely to have any material adverse effect on FMN or the proposed Rights Issue.

The directors of FMN have indicated that they are not aware of any other pending and or threatened claims or litigation except for those referred to above and that in their opinion, none of the cases is likely to have any material adverse effect on FMN or the proposed Rights Issue. ”

23. Settlement:

The CSCS accounts of shareholders will be credited not later than 15 Working Days from the date of allotment. Shareholders are hereby advised to state the name of their respective stockbrokers, their CHN and CSCS account numbers in the relevant spaces on the Participation Form.

In accordance with the SEC directive on Dematerialization of Share Certificates, shareholders who do not provide valid CHN and CSCS account numbers will have their shares credited at the CSCS using a Registrar Identification Number. A Registrar Identification Number is a number allocated to shareholders who do not have valid CHN and CSCS account numbers to warehouse their units of shareholding in public companies under Registrars custody at the CSCS. The allotted shares will be transferred to the stockbroking account of the shareholder once valid CHN and CSCS account numbers are provided. Any shareholder who does not have a valid CHN and CSCS account number, is advised to open a stockbroking account with a stockbroker and obtain a valid CHN and CSCS account number from the stockbroker.

THE RIGHTS ISSUE

A copy of this Rights Circular and the documents specified herein have been delivered to the Securities and Exchange Commission for clearance and registration.

This Rights Circular is issued in compliance with the provisions of the Investments and Securities Act No. 29, 2007, the rules and regulations of the Commission and the listing requirements of The Exchange and contains particulars in compliance with the requirements of the Commission and The Exchange for the purpose of giving information to the public with regards to the Rights Issue of 1,476,142,418 ordinary shares of Flour Mills of Nigeria Plc by Stanbic IBTC Capital Limited, FBNQuest Merchant Bank Limited and Zenith Capital Limited. An application has been made to the Council of The Exchange for the admission to its Daily Official List of the 1,476,142,418 ordinary shares being offered via the Rights Issue.

The Directors of Flour Mills of Nigeria Plc individually and collectively accept full responsibility for the accuracy of the information contained in this Rights Circular. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no material facts the omission of which would make any statement herein misleading or untrue.

The shares to be issued by the Company pursuant to the Rights Issue will rank pari passu in all respects with the existing issued Ordinary Shares of the Company.

STANBIC IBTC CAPITAL LIMITED
RC1031358

FBNQUEST MERCHANT BANK LIMITED
RC 264978

AND

ZENITH CAPITAL LIMITED
RC 639491

on behalf of

FLOUR MILLS OF NIGERIA PLC
RC2343

is authorised to receive acceptances for the

RIGHTS ISSUE OF
1,476,142,418 ORDINARY SHARES OF 50 KOBO EACH
AT ₦27.00 PER SHARE

on the basis of 9 new ordinary shares for every 16 Ordinary Shares held as at the close of business
on **08 December 2017**

Series 1 under the ₦40,000,000,000 Rights Issue Programme

Payable in full on Acceptance

The Acceptance List for the shares now being issued will open on Monday, 15 January 2018 and close on Wednesday, 21 February 2018.

SHARE CAPITAL AND RESERVES OF THE COMPANY AS AT 30 SEPTEMBER 2017

		N'000
AUTHORISED	5,000,000,000 Ordinary Shares of 50 kobo each	2,500,000
ISSUED AND FULLY PAID	2,624,253,188 Ordinary Shares of 50 kobo each	1,312,126
EQUITY	Share Capital	1,312,126
	Share Premium	36,812,540
	Fair Value Reserves	(89,216)
	Retained Earnings	66,136,096
	Non-Controlling Interests	3,661,913
	Total Equity	107,833,459

DIRECTORS AND COMPANY SECRETARY

Executive Director:

Mr Paul M. Gbededo (**Group Managing Director**)
Road 47, Q4 Victoria Garden City
Ajah
Lagos

Company Secretary:

Mr Joseph O. Umolu
1 Golden Penny Place
Wharf Road
Apapa
Lagos

Non-Executive Directors:

Mr John G. Coumantaros (**Chairman**)
33rd Floor, 712 Fifth Avenue
New York
United States of America

Mr Athanasios George Mazarakis
33rd Floor, 712 Fifth Avenue
New York
United States of America

Dr (Chief) Emmanuel A. Ukpabi (KJW) (**Vice Chairman**)
76 Marine Road
Apapa
Lagos

Mr Atedo Nari Atowari Peterside, CON
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

Alhaji Abdullahi Ardo Abba
26 Mayo Inne Road
Jimeta
Yola
Adamawa

Mr Foluso O. Phillips
Phillips Consulting
4th Floor, UBA House
57 Marina
Lagos

Professor Jerry Gana, CON
2 Misratah Street
Wuse II
Abuja

Alhaji Yunus Olalekan A. Saliu
3 Abike Sulaiman Street
Lekki Phase 1
Lekki
Lagos

Mr Alfonso Garate
33rd Floor, 712 Fifth Avenue
New York
United States of America

Mr Folarin Rotimi Abiola Williams
1 Shagamu Avenue
Ilupeju
Lagos

Alhaji Rabi Muhammad Gwarzo, OON
15 Mai Malari Road
Bompai Industrial Estate
Kano

Mrs Salamatu Hussaini Suleiman
19 Bolaji Akinyemi Crescent
Katampe Extension
Abuja

Mr Ioannis Katsaounis
26 Filellinon Street
Athens
Greece

PROFESSIONAL PARTIES TO THE ISSUE

Lead Issuing House:

Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

Joint Issuing Houses:

FBNQuest Merchant Bank Limited
10 Keffi Street
Off Awolowo Road
Ikoyi
Lagos

Zenith Capital Limited
12th Floor, Plot 2
Ajose Adeogun Street
Victoria Island
Lagos

Stockbroker:

Stanbic IBTC Stockbrokers Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

Solicitors:

The New Practice
49 Raymond Njoku Street
South-West Ikoyi
Lagos

Auditors:

KPMG
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island
Lagos

Registrars:

Veritas Registrars Limited
89A Ajose Adeogun Street
Victoria Island
Lagos

Receiving Banks:

Stanbic IBTC Bank PLC
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

First Bank of Nigeria Limited
Samuel Asabia House
35 Marina
Lagos

Zenith Bank Plc
Zenith Heights
Plot 84/87 Ajose Adeogun Street
Victoria Island
Lagos

1. HISTORICAL OVERVIEW

Flour Mills of Nigeria Plc was incorporated on 29 September 1960 as a private limited liability company and commenced operations in 1962 with an installed flour milling capacity of 500 metric tonnes per day. In 1978, FMN was converted to a public limited liability company and its shares were subsequently listed on The Nigerian Stock Exchange. Today, FMN is the largest flour milling company in Nigeria with an installed flour milling capacity of approximately 2.9 million metric tonnes per annum. FMN continues to evolve from a food focused business to a food and agro-allied company.

In 2012, FMN commenced implementing its backward integration programs through its agro-allied business initiatives, primarily to support its core food business. The Group has continued to pursue strategic business opportunities, such as capacity expansion and realignment of its core food business whilst backwardly integrating in order to further mitigate reliance on imports and exposure to external volatility in the food business by increasing local content in a substantive and sustainable way. Recent developments, milestones and investments in the Group's businesses are as follows:

- performance testing of the new sugar mill of Sunti Golden Sugar Estate based in Niger State in 2016. The trial runs of the mill precede the formal commissioning which is expected in the next crop season early in 2018;
- the commissioning of the downstream plants for producing bottled-vegetable oils, margarines and spreads at the ROM Oil Mills Limited factory in Oyo State in 2015;
- the assembly of new state-of-art sorghum mill at Northern Nigeria Flour Mills Plc in 2017;
- the modification of Northern Nigeria Flour Mills Plc's existing silo facilities to receive locally grown wheat in 2016;
- the acquisition of the remaining 25% equity stake in Thai Farm International Limited in 2016;
- the acquisition of an additional 5% equity stake in ROM Oil Mills Limited in 2017;
- the process of acquiring additional hectares of land in Edo State for future expansion of the Company's palm production capabilities;
- partnership to reconstruct Wharf Road in Apapa to improve access to FMN's premises and reduce congestion as part of the Group's initiatives; and
- improvements aimed at increasing power generating capacity and reliability for the Group's Apapa and Agbara industrial complexes in 2016.

FMN has continued to streamline its business operations to focus on its core business. In line with FMN's restructuring and rationalisation activities aimed at optimising costs by maintaining a lean structure, improving synergies and enhancing efficiencies, the following subsidiaries were recently wound-up and de-registered in 2016:

- Western Cement Limited, effective 04 August 2016;
- Southern Star Shipping Company (Nigeria) Limited, effective 28 July 2016;
- Pure Oil Mills Limited, effective 28 July 2016;
- Burham Cement Limited, effective 29 June 2016;
- FMN Agro allied Ventures Nigeria Limited, effective 29 June 2016; and
- Sovereign Foods Limited, effective 29 June 2016.

In addition, FMN received sanction of the Federal High Court to merge with Golden Penny Rice Limited (its erstwhile subsidiary) on 04 October 2017.

2. BUSINESS OVERVIEW

Flour Mills of Nigeria Plc remains Nigeria's largest and oldest food and agro allied company, with a broad product portfolio and a robust pan-Nigerian distribution network. The Group's three major business segments are constantly evolving to meet the diverse needs of FMN's stakeholders.

FMN has deliberately evolved into a fully integrated food processing business, supported by a strong agro-allied supply chain that cuts across the following segments:

- Oils and fats;
- Refined Sugar (for consumer and industrial use);
- Feeds and proteins;
- Starches; and
- Aggregation and distribution of Agro inputs.

FMN aims to continue to expand its current businesses, while seeking to develop new ones both organically and through targeted acquisitions and/or joint ventures by taking advantage of scale, manufacturing excellence, strong brands and dominant market share.

Food Value Chain

FMN's core strength lies in its food business, which is the highest contributor to the Group's revenue (contributing 80% as at 31 March 2017). The food business encompasses flour milling, the production of pasta, noodles, semolina, wheat meal, garri (a newly introduced product) as well as the processing of healthy edible oils and refined sugar. FMN's flagship flour brands, Golden Penny Flour and Golden Penny Pasta have sustained market leadership status with market shares of approximately 42% and 58% of the flour and pasta markets respectively as at 31 March 2017, as estimated by management. In addition, the ball foods segment also enjoyed a significant market share of 55% as at 31 March 2017.

In terms of new product investments and local content development, the Company commissioned a state-of-art sorghum cereal mill in Kano in 2017, and intends to add multi-grain blending facilities to its portfolio by March 2018. The new cereal mill is to be positioned as the central local cereal hub. Also, the Company successfully tested the milling of locally-grown sorghum for inclusion in bread flour and other wheat products as part of its strategic commitment to enhance local content and reduce importation. In addition, the Sunti sugarcane plantation and refinery plant due for commissioning in 2018 and the planned acquisition of additional hectares of land will further boost the Company's local content drive.

Furthermore, to strongly position itself as a leading food business in Nigeria and Africa, FMN is focused on accelerating innovation in its products and processes. The FMN food business is proactively developing a range of new high quality products across three chains (Food Service, Business-to-Consumer and Corporate) in anticipation of a recovery in the Nigerian economy.

Agro-allied Value Chain

FMN's agro-allied business involves the domestic blending of fertiliser and production of animal feed, aggregation, sale and export of locally produced agricultural commodities, cultivation of sugarcane, cassava, maize as well as the crushing and refining of oil seeds.

The Group's new cassava pilot processing plant located in Ososa, Ogun State, which will produce various forms of starch as well as High Quality Cassava Flour ("HQCF"), holds immense potential for driving value and is managed by Thai Farm, a subsidiary of FMN. This new addition to the Group's product range further reiterates FMN's vision to produce and supply products of superior quality and value for the Nigerian FMCG market, thereby enriching the lives of its stakeholders.

Recently, the Group embarked on expansion and strategic partnership initiatives to further strengthen its agro-allied supply chain. In 2015, FMN started the process of acquiring about 20,000 hectares of arable land for the expansion of its palm oil plantation in Edo State. With the acquisition of the additional land, Agri Palm's oil palm plantation is on the path to becoming one of the largest oil palm plantations in Nigeria.

To further improve the potential fortunes of Agri Palm's oil palm plantation, FMN entered into a Management Agreement with Okomu Oil Palm Plc, a well-established company in oil palm farming and milling, for the management of its plantation and processing of its fresh fruit bunches. The partnership is expected to improve Agri Palm's output, yield and profitability.

In addition, FMN entered into an arrangement with Ere-Egwa Farms Limited, a company engaged in the growing of cassava in Delta and Edo States, for the management of its cassava farm in Shao, Kwara State. This strategic partnership is aimed at improving the value delivery of Thai Farm and opening up other potential future investment opportunities.

Going forward, FMN plans to extract maximum value from its existing agri-business investments, by exploring other downstream opportunities in starch, garri and glucose. Also, to assure a steady, reliable and cheaper source of raw materials, FMN intends to acquire more farm lands for commercial and out grower cultivations.

Logistics and Support Value Chain

The Group's logistics and support businesses provide services such as packaging, port operations, transportation and power generation to support FMN's other divisions. While the primary goal of these businesses is to service the Group, the units also offer services to third party customers. FMN continues to develop its expertise in requisite areas to facilitate the provision and movement of raw materials and finished products for itself and third parties throughout the country by investing in additional equipment for its support business. Key developments in the logistics and support business include:

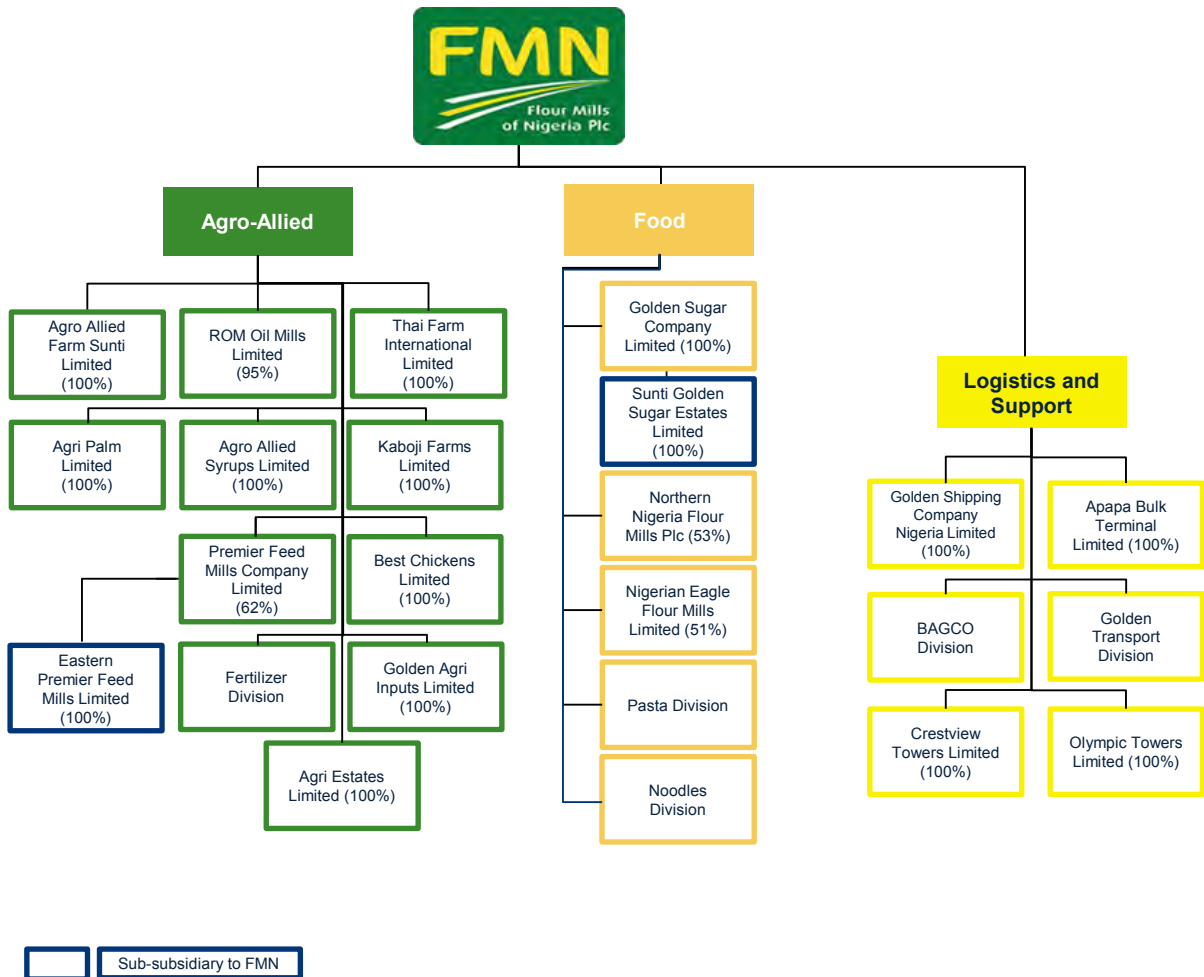
- improvement of BAGCO division with the commissioning of a new printing line for Morpack unit. This investment is expected to improve the future prospects of its packaging division; and
- the purchase of new Jenbacher diesel generators and a CAT3516 diesel powered generator, and refurbishment of its existing Siemens SGT-300 turbine in response to the decline in power generation experienced in 2016 has led to improved and stable power supply at a reduced cost.

3. GROUP STRUCTURE

FMN operates through 17 subsidiaries and 5 divisions across its three broad segments - food, agro-allied and logistics, most of which complement the Group's core operations along its value chain.

The Group recently embarked on additional strategic business acquisitions aimed at positioning it for accelerated growth. In June 2017, an additional 5% equity stake in ROM Oil Mills was acquired by FMN, increasing the Group's total interest to 95%. Thai Farm also became a wholly-owned subsidiary of FMN in May 2016, following the acquisition of the remaining 25% equity stake of Thai Farm.

An illustrative diagram of the Group's structure is shown below:





Food and Agro-Allied Group

Flour Mills of Nigeria Plc RC 2343

1 Golden Penny Place, Wharf Road, Apapa, Lagos State, Nigeria

P.O. Box 341, Apapa, Lagos State, Nigeria.

Tel: 0705-689-1000, 2000, 3000, 1111, 2222, 3333

Web: www.fmnplc.com

27th November 2017

The Directors

Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

The Directors

FBN Merchant Bank Limited
10 Keffi Street
Ikoyi
Lagos

The Directors

Zenith Capital Limited
15th Floor, Civic Towers
Ozumba Mbadiwe Road
Victoria Island
Lagos

Dear Sirs

Confirmation of Going Concern Status: Rights Issue of up to ₦40 Billion ("Series 1") under the ₦40 Billion Rights Issue Programme by Flour Mills of Nigeria Plc

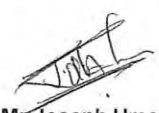
The Directors of Flour Mills of Nigeria Plc ("FMN" or the "Company") are required to prepare financial statements at the end of each financial period, which give a true and fair view of the state of affairs, and of the profit or loss of the Company. They are also responsible for maintaining proper accounting records and taking reasonable steps to prevent and detect fraud and other irregularities. The Directors are also responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable.

The applicable International Financial Reporting Standards ("IFRS") have been followed and FMN's financial statements are prepared using accounting policies, which comply with the requirements of the Financial Reporting Council of Nigeria Act and the Companies and Allied Matters Act, 2004.

The Directors of the Company, having made appropriate enquiries, reviewed budgets, projected cash flows and other relevant information, consider that adequate resources will exist for the business to continue in operational existence for the foreseeable future and therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

Yours faithfully


Mr Paul Gbededo
Group Managing Director


Mr Joseph Umolu
Company Secretary

CHAIRMAN: J. G. Coumantaros (U.S.A), **GROUP MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER:** P.M. Gbededo
DIRECTORS: (Vice Chairman) Dr. (Chief) E. A. Ukpabi (KJW), Alhaji A.A. Abba, Prof. J. Gana, CON, A.O. Garate (Spanish), Salamatu H. Suleiman, Alhaji R. M. Gwarzo, OON, I.N. Katsounis (Greek), T. Mazarakis (Greek), A. N.A. Peterside, CON, F.O. Phillips, Alhaji Y.O.A. Saliu, F.R.A. Williams, Jnr.

Founder: G.S. Coumantaros (1922-2016)

LETTER FROM THE AUDITORS ON THE GOING CONCERN STATUS



KPMG Professional Services
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05 December 2017

The Directors
Flour Mills of Nigeria Plc
1 Golden Penny Place
Wharf Road,
Apapa
Lagos

and

The Directors
Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

Dear Sirs

Going Concern Status of Flour Mills of Nigeria Plc ("FMN") in respect of the Rights Issue of up to N40 billion ("Series 1") under the N40 Billion Rights Issue Programme

We have audited the consolidated and separate financial statements of Flour Mills of Nigeria Plc ("the Company") and its subsidiaries (together, "the group") for the year ended 31 March 2017 which were prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Based on our audit of the consolidated and separate financial statements of Flour Mills of Nigeria Plc for the year ended 31 March 2017 on which we expressed our opinion on 30 June 2017 and the representation received from the Directors of Flour Mills of Nigeria Plc in connection with the audit, nothing has come to our attention that causes us to believe that the Company will not continue in operations as a going concern for 12 months from 31 March 2017.

Yours faithfully

For: **KPMG Professional Services**

Tola Adeyemi
Partner, Audit Services
FRC/2012/ICAN/0000000620

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Registered in Nigeria No BN 988925

Partners:

Abiola F. Bada	Adetisi O. Lamikanta	Adelkunle A. Elabute	Adetola P. Adeyemi
Adewale K. Ajayi	Aibola O. Olomola	Ayobami L. Salami	Ayodele H. Oritivwa
Ayodele A. Soyinka	Chibuzor N. Anyanechi	Ehile A. Alibangbe	Goodluck C. Dibi
Bitoni M. Adeniji	Ipoma T. Emene-Egbo	Joseph O. Tagbo	Kabir O. Okunlela
Lawrence C. Amadi	Mohammed M. Adama	Nleke C. Eluma	Oguntayo I. Ogungbema
Oludayo R. Okubadejo	Oladimeji I. Salaudean	Olenike I. James	Oluwale O. Olayinka
Olusagun A. Sowande	Oluwatemi O. Awotoye	Oluwatoyin A. Gbagi	Temitope A. Onifiri
Tolupe A. Didiata	Victor U. Onyenkpa		

INCORPORATION BY REFERENCE

The following documents which have previously been published, and have been filed with the SEC, shall be incorporated in, and form part of, this Rights Circular:

- a) the unaudited financial statements of FMN for the six months ended 30 September 2017;
- b) the audited financial statements of FMN for the year ended 31 March 2017;
- c) the audited financial statements of FMN for the year ended 31 March 2016;

Copies of the documents incorporated by reference will be available for inspection during normal business hours on any Working Day, from Monday, 15 January 2018 to Wednesday, 21 February 2018, at the registered office of Flour Mills of Nigeria Plc located at 1 Golden Penny Place, Wharf Road, Apapa, Lagos and its website at www.fmnplc.com. The documents would also be available at the offices of the Issuing Houses.

FINANCIAL INFORMATION

1. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited			Audited		
	Group		Year ended 3/31/2016	Company		Year ended 3/31/2016
	6-month ended 9/30/2017	Year ended 3/31/2017		6-month ended 9/30/2017	Year ended 3/31/2017	
	N '000	N '000	N '000	N '000	N '000	N '000
Revenue	298,443,047	524,464,448	342,586,459	216,773,169	375,225,284	247,876,504
Cost of sales	(262,929,901)	(457,775,380)	(304,961,737)	(189,738,272)	(324,918,838)	(223,664,917)
Gross profit	35,513,146	66,689,068	37,624,722	27,034,897	50,306,446	24,211,587
Selling and distribution expenses	(2,766,250)	(5,341,148)	(5,003,801)	(2,404,776)	(4,981,999)	(4,600,274)
Administrative expenses	(8,351,889)	(18,419,807)	(15,848,261)	(5,867,299)	(12,013,415)	(9,436,976)
Net operating gains and losses	5,076,326	(1,488,216)	(7,720,517)	(1,425,020)	(3,362,121)	(5,874,164)
Operating profit	29,471,333	41,439,897	9,052,143	17,337,802	29,948,911	4,300,173
Gain on disposal of investment in associate	-	-	23,731,422	-	-	13,952,039
Investment income	273,287	1,562,304	1,103,475	6,282,062	3,230,407	1,008,096
Finance costs	(16,267,160)	(32,529,354)	(22,397,762)	(11,554,952)	(22,199,739)	(13,011,811)
Profit before taxation	13,477,460	10,472,847	11,489,278	12,064,912	10,979,579	6,248,497
Net income tax (expense) /credit	(4,121,723)	(1,636,395)	2,931,006	(3,390,005)	(1,150,533)	4,177,289
Profit for the year	9,355,737	8,836,452	14,420,284	8,674,907	9,829,046	10,425,786
Other comprehensive income:						
Items that will not be reclassified to profit or loss:						
Remeasurements on net defined benefit liability	-	1,153,011	(664,250)	-	979,281	(579,832)
Related tax	-	(368,964)	173,814	-	(313,370)	173,950
Remeasurements of defined benefit liability, net of tax	-	784,047	(490,436)	-	665,911	(405,882)
Items that may be reclassified to profit or loss:						
Loss on available-for-sale financial assets	22,100	(21,556)	(69,020)	22,100	(21,556)	(69,020)
Other comprehensive income for the year net of taxation	22,100	762,491	(559,456)	22,100	644,355	(474,902)
Total comprehensive income for the year	9,377,837	9,598,943	13,860,828	8,697,007	10,473,401	9,950,884
Profit attributable to :						
Owners of the Company	8,309,664	7,961,484	14,620,321	8,674,907	9,829,046	10,425,786
Non-controlling interest	1,046,073	874,968	(200,037)	-	-	-
	9,355,737	8,836,452	14,420,284	8,674,907	9,829,046	10,425,786
Total comprehensive income attributable to:						
Owners of the Company	8,331,764	8,712,032	14,060,865	8,697,007	10,473,401	9,950,884
Non-controlling interest	1,046,073	886,911	(200,037)	-	-	-
	9,377,837	9,598,943	13,860,828	8,697,007	10,473,401	9,950,884
Earnings per share						
Per share information						
Basic earnings per share (kobo)	317	303	557	331	375	397
Diluted earnings per share (kobo)	317	303	557	331	375	397

FINANCIAL INFORMATION

2. STATEMENT OF FINANCIAL POSITION

	Unaudited			Audited		
	Group			Company		
	6-month ended 9/30/2017	Year ended 3/31/2017	Year ended 3/31/2016	6-month ended 9/30/2017	Year ended 3/31/2017	Year ended 3/31/2016
	N '000	N '000	N '000	N '000	N '000	N '000
Assets						
Non-Current Assets						
Property, plant and equipment	215,718,744	216,866,184	211,588,076	82,368,270	85,393,986	85,732,371
Investment property	1,877,231	1,929,196	2,023,379	47,354	48,137	49,704
Goodwill	4,148,022	4,148,022	4,148,022	1,876,816	1,876,816	1,876,816
Intangible assets	177,018	208,370	735,330	165,232	191,508	86,435
Investment in subsidiaries	-	-	-	5,549,517	3,866,517	3,636,985
Biological assets	42,084	29,131	352,020	-	-	-
Deferred tax	1,839,200	1,846,674	66,022	-	-	-
Long term receivables	975,578	989,022	-	64,199,566	25,053,053	2,551,592
Available for sale invest ments	46,240	24,140	45,696	46,240	24,140	45,696
Prepayments	1,625,705	1,679,252	1,703,939	1,625,705	1,604,444	1,703,939
Total non-current assets	226,449,822	227,719,991	220,662,484	155,878,700	118,058,601	95,683,538
Current Assets						
Inventories	90,162,124	117,296,162	58,698,768	46,874,698	63,597,671	37,257,683
Biological assets	983,364	558,480	182,613	-	-	-
Trade and other receivables	20,597,765	21,403,132	18,966,168	69,276,317	80,823,655	66,504,239
Derivative assets	-	755,516	-	-	387,814	-
Prepayments	33,039,611	69,851,473	13,625,250	24,019,068	52,235,925	12,179,968
Cash and cash equivalents	34,337,066	45,018,503	33,213,043	23,550,373	28,829,491	21,671,179
Total current assets	179,119,930	254,883,266	124,685,842	163,720,456	225,874,556	137,613,069
Total Assets	405,569,752	482,603,257	345,348,326	319,599,156	343,933,157	233,296,607
Equity and liabilities						
Capital and reserves						
Share capital	1,312,126	1,312,126	1,312,126	1,312,126	1,312,126	1,312,126
Share premium	36,812,540	36,812,540	36,812,540	36,812,540	36,812,540	36,812,540
Fair value reserve	(89,216)	(111,316)	(89,760)	(89,216)	(111,316)	(89,760)
Retained earnings	66,136,096	60,450,685	54,900,934	76,153,003	70,102,349	62,209,233
Equity attributable to owners of the Company	104,171,546	98,464,035	92,935,840	114,188,453	108,115,699	100,244,139
Non-controlling interests	3,661,913	4,080,309	2,829,934	-	-	-
Total equity	107,833,459	102,544,344	95,765,774	114,188,453	108,115,699	100,244,139
Liabilities						
Non-Current Liabilities						
Borrowings	53,762,362	50,879,043	48,009,715	16,008,634	7,363,893	8,209,155
Retirement benefit obligation	3,752,537	3,676,418	4,077,811	3,132,157	3,084,875	3,454,172
Long service award	1,699,532	1,568,859	1,593,819	1,511,088	1,403,388	1,426,602
Deferred tax	7,813,473	7,819,480	5,768,040	5,904,270	5,904,270	4,553,105
Deferred income	8,202,898	8,618,213	7,093,966	636,415	648,432	900,749
	75,230,802	72,562,013	66,543,351	27,192,564	18,404,858	18,543,783
Current Liabilities						
Bank overdraft	40,977,152	49,023,812	16,412,986	34,733,861	34,349,436	6,657,427
Derivative liabilities	1,395,658	3,492,739	-	1,381,859	2,969,054	-
Trade and other payables	69,605,498	94,567,170	50,416,914	58,459,608	55,801,512	29,046,061
Borrowings	93,477,018	141,702,267	100,830,460	71,300,279	111,429,573	67,045,775
Current tax payable	3,726,067	2,136,490	1,336,015	3,333,469	550,633	439,157
Deferred income	1,483,115	2,089,158	1,076,024	191,571	221,658	256,687
Dividend payable	3,523,827	2,032,098	1,936,869	3,523,827	2,032,098	1,936,869
Customer deposits	8,317,156	12,453,166	11,029,933	5,293,665	10,058,636	9,126,709
	222,505,491	307,496,900	183,039,201	178,218,139	217,412,600	114,508,685
Total Liabilities	297,736,293	380,058,913	249,582,552	205,410,703	235,817,458	133,052,468
Total Equity and liabilities	405,569,752	482,603,257	345,348,326	319,599,156	343,933,157	233,296,607

FINANCIAL INFORMATION

3. STATEMENT OF CASH FLOWS (AUDITED)

	-----Audited-----			
	Group		Company	
	Year ended 3/31/2017 N '000	Year ended 3/31/2016 N '000	Year ended 3/31/2017 N '000	Year ended 3/31/2016 N '000
Profit (loss) for the year	8,836,452	14,420,284	9,829,046	10,425,786
Adjustments for:				
Depreciation of property, plant and equipment	15,544,224	14,570,040	8,395,254	7,818,723
Amortisation of intangible assets	155,310	99,717	139,298	51,035
Depreciation of investment property	103,747	22,331	1,567	22,332
Dividends received	-	-	-	(25,527)
Interest income	(1,562,304)	(1,103,475)	(3,230,407)	(982,569)
Finance costs	32,529,354	22,397,762	22,199,739	13,011,811
Reversal of impairment loss on property, plant and equipment	(1,468,381)	3,955,217	(1,581,368)	2,698,850
Write-off of property, plant and equipment	1,915,278	-	28,064	-
(Gain)/Loss on disposal of PPE	(77,823)	217,493	(50,617)	98,853
Write-off of biological asset	-	46,032	-	-
Changes in biological assets	(727,323)	(154,919)	-	-
Net loss on foreign exchange transactions	5,742,096	6,296,099	6,653,268	4,007,717
Derivative gain on forwards and futures	(755,516)	-	(387,814)	-
Provisions for Long Service award	77,360	319,153	62,037	296,860
Provisions for retirement benefit	981,344	830,480	813,893	655,331
Income tax charge/(credit)	1,636,395	(2,931,006)	1,150,533	(4,177,289)
Profit from sales of associate	-	(23,731,422)	-	(13,952,039)
	62,930,213	35,253,786	44,022,493	19,949,874
Changes in working capital:				
Change in inventories	(58,597,394)	9,727,235	(26,339,988)	11,978,358
Change in trade and other receivables	(3,425,986)	(1,892,930)	(14,319,416)	7,565,048
Change in prepayments	(56,201,536)	(5,576,606)	(39,956,462)	(5,088,124)
Change in trade and other payables	44,150,256	15,838,704	26,755,451	(14,156,211)
Changes in deferred income	2,537,381	(484,721)	(287,346)	(251,791)
Changes in long term receivables	-	-	1,311,954	3,904,188
Changes in customer deposits	1,423,233	2,977,940	931,927	2,061,882
Cash (generated from)/used in operating activities	(7,183,833)	55,843,408	(7,881,387)	25,963,224
Income tax paid	(621,269)	(629,927)	(1,263)	(102,174)
Long service award benefit paid	(99,174)	(65,474)	(88,048)	(56,768)
Retirement benefit paid	(229,726)	(662,227)	(203,909)	(389,251)
Foreign exchange loss	(5,795,397)	(6,544,087)	(6,154,270)	(3,812,588)
Net cash (used in)/ generated from operating activities	(13,929,399)	47,941,693	(14,328,877)	21,602,443
Cash flows from investing activities				
Acquisition of property, plant and equipment	(21,016,212)	(24,115,684)	(6,842,793)	(6,513,112)
Proceeds from sale of property, plant and equipment	222,446	356,688	156,467	85,257
Acquisition of intangible assets	(42,492)	(15,864)	(42,491)	(12,993)
Acquisition of investment property	(9,564)	-	-	-
Proceeds from biological assets sold/ harvested	674,345	31,844	-	-
Net loans received from / (granted to) related companies	-	3,904,188	(23,813,415)	2,066,416
Net proceeds from sale of investment in associate	-	27,267,092	-	27,267,092
Additions to investment in subsidiary	-	-	(229,532)	(50,000)
Finance income	1,562,304	1,103,475	3,230,407	982,569
Dividend income received	-	-	-	25,527
Net cash (used in)/ generated from investing activities	(18,609,173)	8,531,739	(27,541,357)	23,850,756
Cash flows from financing activities				
Proceeds from borrowings	176,925,100	136,860,256	113,195,929	69,968,981
Repayment of borrowings	(133,183,965)	(97,520,217)	(69,657,393)	(35,954,536)
Movement in unsecured fixed rate bond	-	(19,248,115)	-	(19,248,115)
Dividends paid	(2,971,314)	(3,688,887)	(2,971,314)	(3,660,946)
Finance costs paid	(29,036,615)	(22,397,762)	(19,230,685)	(13,011,811)
Net cash generated from/ (used in) financing activities	11,733,206	(5,994,725)	21,336,537	(1,906,427)
Net cash movement for the year	(20,805,366)	50,478,707	(20,533,697)	43,546,772
Cash at the beginning of the year	16,800,057	(33,678,650)	15,013,752	(27,904,763)
Cash decrease through merger	-	-	-	(628,257)
Net cash at end of the year	(4,005,309)	16,800,057	(5,519,945)	15,013,752

FINANCIAL INFORMATION

4. STATEMENT OF CASH FLOWS (UNAUDITED)

	Group	Company
	Unaudited	Unaudited
	Six months	Six months
	ended	ended
	09/30/2017	09/30/2017
	N '000	N '000
Cash flows from operating activities		
Profit before tax	13,477,460	12,064,912
Depreciation and amortization	8,103,555	4,212,031
Finance costs	16,267,160	11,554,952
Interest income	(273,287)	(6,282,062)
Loss/(profit) on disposal of fixed assets	(80,163)	(81,590)
Profit before changes in working capital	37,494,725	21,468,243
Changes in Working Capital		
(Increase)/ Decrease in Inventory	27,134,038	16,722,973
(Increase)/ Decrease in Net trade receivables	2,557,322	167,777
(Increase)/ Decrease in Other receivables	(1,751,955)	11,379,561
(Increase)/ Decrease in Biological assets	(437,837)	-
(Increase)/ Decrease in Prepayments and deposit for imports	36,865,409	28,195,596
(Increase)/ Decrease in Derivative assets	755,516	387,814
Increase/ (Decrease) in Deferred tax assets	7,474	-
Increase/ (Decrease) in Trade creditors	(25,880,347)	(6,334,094)
Increase/ (Decrease) in Other payable	918,675	8,992,190
Increase/ (Decrease) in Dividend payable	1,491,729	1,491,729
Increase/ (Decrease) in Retirement benefit obligations	76,119	47,282
Increase/ (Decrease) in Long service award	130,673	107,700
Increase/ (Decrease) in Customers' deposit	(4,136,010)	(4,764,971)
Increase/ (Decrease) in Tax Payable	1,589,577	2,782,836
Increase/ (Decrease) in Deferred taxation	(6,007)	-
Increase/ (Decrease) in Derivative Liabilities	(2,097,081)	(1,587,195)
Increase/ (Decrease) in Deferred revenue	(1,021,358)	(42,104)
Net changes in working capital	36,195,937	57,547,094
Cash Flow from operating activities	73,690,662	79,015,337
Tax paid	(4,121,723)	(3,390,005)
Net Cash Flow from operating activities	69,568,939	75,625,332
Investing activities		
Purchase of assets	(6,875,952)	(1,104,725)
Purchase of intangible assets	31,352	26,276
Purchase of investment property	51,965	783
investments in subsidiaries	-	(1,683,000)
Long term loans receivable	13,444	(39,146,513)
Interest received	273,287	6,282,062
Net Cash flow from investing activities	(6,505,904)	(35,625,117)
Financing activities		
Additional Investment	(1,464,469)	-
Term loans	(45,341,930)	(31,484,553)
Dividend paid	(2,624,253)	(2,624,253)
Interest paid	(16,267,160)	(11,554,952)
Cash flow from Financing activities	(65,697,812)	(45,663,758)
Net Cash Flow	(2,634,777)	(5,663,543)
Cash and cash equivalents at beginning of Period/year	(4,005,309)	(5,519,945)
Cash and cash equivalents at end of the period	(6,640,086)	(11,183,488)

STATUTORY AND GENERAL INFORMATION

1. SHAREHOLDING STRUCTURE

Pre-Issue

As at 31 March 2017, FMN's issued share capital of 2,624,253,188 Ordinary Shares of 50 kobo each was beneficially held as follows:

Shareholder	Ordinary Shares held	%
Excelsior Shipping Company Limited	1,369,231,166	52.18
Others	1,255,022,022	47.82
	<u>2,624,253,188</u>	<u>100.00</u>

Except as stated above, no other shareholder held more than 5% of the issued share capital of the Company.

Post-Issue

It is expected that on completion of the Issue, if all shareholders take up their rights in full, the Company's paid-up share capital should increase to ₦2,050,197,803 comprising 4,100,395,606 Ordinary Shares of 50 kobo each, to be beneficially held as follows:

Shareholder	Ordinary Shares held	%
Excelsior Shipping Company Limited	2,139,586,427	52.18
Others	1,960,809,179	47.82
	<u>4,100,395,606</u>	<u>100.00</u>

2. DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors in the issued share capital of the Company as recorded in the Register of Directors' Interests or as notified by them for the purpose of section 275(1) of CAMA as at 31 March 2017 are as follows:

Director	Direct Shareholding	Indirect Shareholding	%
Mr John G. Coumantaros*	Nil	Nil	Nil
Dr (Chief) Emmanuel Akwari Ukpabi (KJW)	4,194,986	Nil	0.16
Mr Paul M. Gbededo	1,667,370	Nil	0.06
Alhaji Abdullahi Ardo Abba	12,343	Nil	-
Professor Jerry Gana, CON	44,000	Nil	-
Mr Alfonso Garate	Nil	Nil	Nil
Alhaji Rabiuh Muhammad Gwarzo, OON	199,722	Nil	0.01
Mr Ioannis Katsaounis	2,570,765	Nil	0.10
Mr Athanasios George Mazarakis	Nil	Nil	Nil
Mr Atedo Nari Atowari Peterside, CON	Nil	2,500,000	0.10
Mr Foluso O. Phillips	Nil	Nil	Nil
Alhaji Yunus Olalekan A. Saliu	1,608,985	Nil	0.06
Mr Folarin Rotimi Abiola Williams	30,082	Nil	-
Mrs Salamat Hussaini Suleiman	Nil	Nil	Nil

*Mr George S. Coumantaros and Mr John G. Coumantaros represent Excelsior Shipping Company Limited. The parent and ultimate holding company of FMN is Excelsior Shipping Company Limited, a company registered in Liberia. The beneficial owner of Excelsior Shipping Company Limited is a trust established by the late Mr George S. Coumantaros.

STATUTORY AND GENERAL INFORMATION

3. INDEBTEDNESS

As at 30 September 2017, the Company had outstanding indebtedness of ₦147.2 billion, which included:

1. ₦29.8 billion from loan facilities obtained from the CBN / BOI Power and Aviation Intervention Fund in different tranches at fixed interest rates between 7% and 10% per annum;
2. ₦19.0 billion from loan facilities obtained from the CBN Commercial Agricultural Credit Scheme at an interest rate of 9% per annum;
3. ₦6.3 billion Real Sector Support Facility obtained from loan facility from CBN at an annual interest rate of 9%;
4. ₦29.4 billion from Commercial Paper notes issued at interest rates between 19% and 23.75%;
5. ₦56.8 billion from other term loan facilities at an interest rates between 13% and 25%; and
6. ₦6.0 billion from loan facilities obtained from commercial banks at interest rates between 12.5% and 16.5%.

4. OFF BALANCE SHEET ITEMS

As at March 31, 2017, there were contingent liabilities in respect of litigation against the Group and the Company and other regulatory reviews amounting to ₦10.97 billion (2016 - ₦1.30 billion). In the opinion of the Directors, the liabilities, if any, are not likely to be material but the amount cannot be determined with sufficient reliability.

5. SUBSIDIARIES

As at the date of this Rights Circular, the Company had 17 active subsidiaries:

Subsidiaries	% Shareholding
Apapa Bulk Terminal Limited	100%
Agri Estates Limited	100%
Agro Allied Farms Sunti Limited	100%
Agro Allied Syrups Limited	100%
Agri Palm Limited	100%
Best Chickens Limited	100%
Crestview Towers Limited	100%
Golden Agri Inputs Limited	100%
Golden Shipping Company Nigeria Limited	100%
Golden Sugar Company Limited	100%
Kaboji Farms Limited	100%
Northern Nigeria Flour Mills Plc	53%
Nigerian Eagle Flour Mills Limited	51%
Olympic Towers Limited	100%
Premier Feed Mills Company Limited	62%
ROM Oil Mills Limited	95%
Thai Farm International Limited	100%

6. CLAIMS AND LITIGATION

“In the ordinary course of its business, FMN is currently involved in thirty (30) lawsuits out of which ten (10) were either instituted by FMN or FMN filed a counter claim while twenty (20) of the suits were instituted against FMN.

The total amount claimed in the lawsuits that were either instituted by FMN or in which it filed a counter-claim is approximately ₦261,830,126.13 (Two Hundred and Sixty One Million, Eight Hundred and Thirty Thousand, One Hundred and Twenty Six Naira, Thirteen Kobo).

The amount claimed in the lawsuits instituted against FMN is ₦1,095,360,962.19 (One Billion, Ninety Five Million, Three Hundred and Sixty Thousand and Nine Hundred and Sixty Two Naira, Nineteen Kobo) and €79,700 (Seventy Nine Thousand, Seven Hundred Euros).

In the opinion of the Solicitors, the contingent liability to which FMN may likely be exposed on account of these matters are not likely to exceed the sum of ₦1,095,360,962.19 (One Billion, Ninety Five Million, Three Hundred and Sixty Thousand and Nine Hundred and Sixty Two Naira, Nineteen Kobo) and €79,700 (Seventy Nine Thousand, Seven Hundred Euros). Having considered the information provided by the Solicitors defending the various claims against FMN and made such other enquiries, as the Solicitors consider necessary and appropriate, the Solicitors are of the opinion that none of the claims against FMN is material in the context of the proposed Rights Issue.

Except as stated above, the Solicitors are not aware of any other pending or threatened claims involving FMN which are material to the proposed Rights Issue. The Solicitors are also of the opinion that none of the cases referred to above is likely to have any material adverse effect on FMN or the proposed Rights Issue.

The directors of FMN have indicated that they are not aware of any other pending and or threatened claims or litigation except for those referred to above and that in their opinion, none of the cases is likely to have any material adverse effect on FMN or the proposed Rights Issue.”

7. PURPOSE OF ISSUE AND USE OF PROCEEDS

Over the years, FMN has evolved into one of Nigeria’s leading food and agro-allied companies. More recently, the Company embarked on major expansion programmes across its food, agro allied, logistics, and support businesses. Going forward, FMN aims to further explore growth opportunities in the food sector, as it recognizes new trends in the macro-environment, including government-led initiatives in the food sector, accelerated urbanization, strong population growth, rising living standards and changing lifestyles.

To fund some of its working capital and operational requirements, FMN obtained debt facilities from various financial institutions. However, a significantly volatile macroeconomic environment influenced by a fall in global oil prices, foreign exchange liquidity constraints, rising import costs, soaring inflation and high interest rates contributed to a rise in the Company’s debt profile and increase in associated finance charges, which has put substantial pressure on cash flows.

The Rights Issue is part of Flour Mills of Nigeria’s long-term strategic intent to strengthen the Company’s capital base by deleveraging its balance sheet, supporting its working capital needs and positioning the Company to exploit value-accretive opportunities, whilst giving the Company greater operational and financial flexibility to ensure business growth and continuity.

The amount applied towards working capital will be used largely for strengthening and achieving efficiency in the Company’s food value chain. The Company believes this would result in improved shareholder value in the near to medium term.

STATUTORY AND GENERAL INFORMATION

The net issue proceeds estimated at ₦39,171,345,502 (after deducting issue costs of ₦684,499,784 representing 1.72% of the Issue) will be applied as shown below:

	N'bn	%	Expected Completion
Repayment of overdraft facilities	11.90	30	Immediate
Repayment of short term loans	17.53	45	Immediate
Working Capital	9.74	25	On-going
Total	39.17	100	

Based on the outstanding balances as at 30 September 2017, it is currently envisaged that the proceeds of the Rights Issue will be used to settle some of the outstanding obligations with the various financial institutions as shown below:

- Overdraft facilities

Bank	N'bn
Zenith Bank Plc	5.87
First Bank of Nigeria Limited	1.15
United Bank of Africa Plc	1.46
Guaranty Trust Bank Plc	2.40
Access Bank Plc	1.00
Fidelity Bank Plc	0.02
	11.90

- Short term loans

Bank	N'bn
Zenith Bank Plc	5.53
United Bank of Africa Plc	5.88
Union Bank Plc	0.50
FBNQuest Merchant Bank (CP)	2.62
FBNQuest Merchant Bank	3.00
	17.53

The actual amount payable may change by the time the Rights Issue proceeds are received.

8. COSTS AND EXPENSES

The costs, charges and expenses of and incidental to the Issue including fees payable to SEC and The NSE, professional parties, brokerage, and printing and distribution expenses, are estimated at about ₦684,499,784, representing 1.72% of the Issue proceeds and are payable by FMN.

9. MATERIAL CONTRACTS

The following agreement has been entered into and is considered material to this Issue:

- A Series 1 Vending Agreement dated Friday, 05 January 2018 under the terms of which Stanbic IBTC Capital, FBNQuest Merchant Bank and Zenith Capital have agreed, on behalf of the Company, to offer by way of rights of 1,476,142,418 ordinary shares of 50 kobo at ₦27.00 per share on the basis of 9 new ordinary shares for every 16 Ordinary Shares in FMN under the ₦40 billion Rights Issue Programme.

Other than as stated above, the Company has not entered into any material contract except in the ordinary course of business.

STATUTORY AND GENERAL INFORMATION

10. UNCLAIMED DIVIDENDS

The total amount of unclaimed dividends based on 31 March 2017 audited accounts was ₦2.03 billion. Shareholders that have unclaimed dividends periodically request for their dividend warrants from Atlas Registrar Limited. Dividend unclaimed for over 15 months is regularly returned to the Company and are held in a separate interest yielding bank account.

11. RESEARCH AND DEVELOPMENT

Over the past three years, FMN has spent over ₦182.7 million on executing innovative research in developing new products and finding ways of improving efficiency and enhancing product quality as part of its normal business operations.

12. MERGERS AND TAKEOVERS

As at the date of this Rights Circular, FMN is not aware of any attempt by any investor to acquire a majority shareholding in the Company or by the Company of any other entity. However, on 04 October 2017, FMN received the sanction of the Federal High Court to merge with Golden Penny Rice Limited (its erstwhile subsidiary).

13. RELATIONSHIP BETWEEN THE COMPANY AND ITS ADVISERS

As at the date of this Rights Circular, there is no relationship between the Company and its advisers except in the ordinary course of business.

14. RELATED PARTY TRANSACTIONS

The Company had business dealings with other companies within the Group during the year ended 31 March 2017. These related party transactions are as follows:

Purchase of goods and services	2017	2016
	(₦'000)	(₦'000)
Golden Penny Rice Limited	-	1,670,900
Golden Shipping Company Nigeria Limited	176,172	142,585
ROM Oil Mills Limited	3,008,733	1,938,580
Thai Farm International Limited	52,091	240,109
Apapa Bulk Terminal Limited	6,106,264	4,025,816
Golden Sugar Company Limited	8,972,548	4,767,749
Nigerian Eagle Flour Mills Limited	10,027,714	9,923,846
Crestview Tower Limited	-	27,338
Atlas Registrar Limited (formerly FMN Registrar Limited)	-	80,616
Olympic Towers Limited	48,768	7,466
Northern Nigeria Flour Mills Plc	404,530	375,742
	28,796,820	23,200,747

Sale of goods and services	2017	2016
	(₦'000)	(₦'000)
Golden Agric Inputs Limited	925,726	-
Crestview Tower Limited	-	1,166
Olympic Tower Limited	-	44,793
Golden Penny Rice Limited	-	8,712
Atlas Registrar Limited (formerly FMN Registrar Limited)	-	2,715
Eastern Premier Feeds Limited	1,358,442	1,141,851
Premier Feed Mills Company Limited	2,506,751	1,438,854
Northern Nigeria Flour Mills Plc	71,403	339,781
Nigerian Eagle Flour Mills Limited	22,978,537	8,752,615
Golden Sugar Company Limited	2,237,466	1,619,851
Kaboji Farms Limited	239,484	291,986
Sunti Golden Sugar Estates	153,159	65,179
Agro Allied Syrups Limited	54,584	14,205

STATUTORY AND GENERAL INFORMATION

Sale of goods and services	2017	2016
ROM Oil Mills Limited	218,293	97,880
Agri Palm Limited	23,340	327
Thai Farm International Limited	57,060	81,194
Apapa Bulk Terminal Limited	144,000	26,000
	30,968,245	13,927,109

15. DECLARATIONS

Except as otherwise disclosed in this Rights Circular:

- (i) No share of FMN is under option or agreed conditionally or unconditionally to be put under option;
- (ii) No commissions, discounts, brokerages or other special terms have been granted by FMN to any person in connection with the Issue or sale of any shares of the Company;
- (iii) Save as disclosed herein, the Directors of FMN have not been informed of any holding representing 5% or more of the issued share capital of the Company;
- (iv) There are no material service agreements between FMN or any of its Directors or employees other than in the ordinary course of business;
- (v) No Director of the Company has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the three years prior to the date of this Rights Circular; and
- (vi) No Director of the Company is or has been involved in any of the following:
 - A petition under any bankruptcy or insolvency laws filed (and not struck out) against him / her or any partnership in which he / she is or was a partner or any company of which he / she is or was a Director or key personnel;
 - A conviction in a criminal proceeding or is named subject of pending criminal proceedings relating to fraud or dishonesty; or
 - The subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining him/her from acting as an investment adviser, dealer in securities, Director or employee of a financial institution and engaging in any type of business or activity.

16. CONSENTS

The following have given and not withdrawn their written consents to the issue of this Rights Circular with their names and reports (where applicable) included in the form and context in which they appear:

Directors of the Company	Mr John G. Coumantaros Dr (Chief) Emmanuel Akwari Ukpabi (KJW) Mr Paul M. Gbededo Alhaji Abdullahi Ardo Abba Professor Jerry Gana, CON Mr Alfonso Garate Alhaji Rabiu Muhammad Gwarzo, OON Mr Ioannis Katsaounis Mr Athanasios George Mazarakis Mr Atedo Nari Atowari Peterside, CON Mr Foluso O. Phillips Alhaji Yunus Olalekan A. Saliu Mr Folarin Rotimi Abiola Williams Mrs Salamatu Hussaini Suleiman
Company Secretary	Mr Joseph O. Umolu

STATUTORY AND GENERAL INFORMATION

Lead Issuing House	Stanbic IBTC Capital Limited
Joint Issuing Houses	FBNQuest Merchant Bank Limited Zenith Capital Limited
Stockbrokers	Stanbic IBTC Stockbrokers Limited
Auditors	KPMG Professional Services
Solicitors	The New Practice
Registrars	Veritas Registrars Limited
Receiving Banks	Stanbic IBTC Bank PLC First Bank of Nigeria Limited Zenith Bank Plc

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents can be inspected at the offices of Stanbic IBTC Capital Limited, FBNQuest Merchant Bank Limited and Zenith Capital Limited at I.B.T.C. Place, Walter Carrington Crescent, Victoria Island, Lagos, 10 Keffi Street, Off Awolowo Road, Ikoyi, Lagos and 12th Floor, Plot 2, Ajose Adeogun Street, Victoria Island, Lagos respectively during normal business hours on any weekday (except public holidays), for the validity of the Programme:

- (i) The Certificate of Incorporation of the Company;
- (ii) The Memorandum and Articles of Association of the Company;
- (iii) The Shelf Document issued in respect of the Programme;
- (iv) The Rights Circular issued in respect of the Issue;
- (v) The unaudited financial statements of the Company for the six months ended 30 September 2017;
- (vi) The audited financial statements of the Company for each of the two years ended 31 March 2016 and 2017;
- (vii) The Shareholders' Resolutions authorising the Programme;
- (viii) The Board Resolution authorising the Issue;
- (ix) The list of outstanding claims and litigation referred to in Section 6 on page 27;
- (x) The material contracts referred to in Section 9 on page 28;
- (xi) The written consents referred to in Section 16 on page 30;
- (xii) Letter of approval from SEC; and
- (xiii) Letter of approval from The NSE.

PROVISIONAL ALLOTMENT LETTER



05 January 2018

Rights Issue of up to N40 BILLION ("SERIES 1") UNDER THE N40 BILLION RIGHTS ISSUE PROGRAMME BY FLOUR MILLS OF NIGERIA PLC

Dear Sir / Madam

1. **Provisional Allotment**

The letter dated 05 October 2015 from the Chairman, which is provided, on Page 9 of the Shelf Document dated 04 March 2016 contains particulars of the Programme. For this series of the Programme, the Directors have provisionally allotted to you the number of new shares set out on the first page of the enclosed Participation Form, representing 9 new ordinary shares for every 16 Ordinary Shares registered in your name at the close of business on 08 December 2017. The new ordinary shares will rank *pari passu* in all respects with the existing Ordinary Shares of the Company.

You may accept all or some of the shares allotted to you or renounce your rights to all or some of them. If you are accepting the provisional allotment in full, kindly complete box A of the Participation Form, while if renouncing your rights partially or in full, kindly complete box B of the form. You may also apply for additional shares over and above your provisional allotment as described in 2(c) of this letter.

2. **Acceptance and Payment**

The receipt of payment with your Participation Form will constitute an acceptance of all or part of this allotment on the terms of this letter, subject to the Memorandum and Articles of Association of the Company and the clearance of the Securities & Exchange Commission. If payment is not received by 21 February 2018, the provisional allotment will be deemed to have been declined and will be cancelled. Any payment made into any of the designated Offer Proceeds Accounts stated below without a Participation Form will be rejected and returned. You may participate in the Rights Issue through any of the following methods:

a) **Full Acceptance**

If you wish to accept this provisional allotment in full, please complete box A of the Participation Form. The completed Participation Form together with a cheque or bank draft for the full amount payable must be submitted to any of the Receiving Agents listed on page 35 of this document not later than 21 February 2018. **The cheque or draft must be made payable to the Receiving Agent** and crossed "FMN RIGHTS" with your name, address and mobile number written on the back of the cheque or draft. All cheques and drafts will be presented for payment on receipt and all Participation Forms in respect of which cheques are returned unpaid for any reason will be rejected and returned through the registered post.

Any payment value exceeding N10 million should be made via SWIFT, RTGS or NEFT into the designated Offer Proceeds Accounts stated below:

Account Details	Stanbic IBTC Bank PLC	First Bank of Nigeria Limited	Zenith Bank Plc
Account Name	FMN Rights Issue	FMN Rights Issue	Flour Mills of Nigeria Rights Issue
Account Number	0023743617	2032746172	1012890937
Sort Code	221150014	011152303	057150055

Evidence of all electronic transfers along with a copy of the Participation Form must also be submitted electronically to any of the Receiving Banks stated below. If payment is not received by 21 February 2018, the provisional allotment will be deemed to have been declined and will be cancelled.

	Stanbic IBTC Bank PLC	First Bank of Nigeria Limited	Zenith Bank Plc
Email address	ProjectAtlasNG@stanbicibt.com	Projectatlas@fbnquestmb.com	ProjectAtlas@zenithCapitalmarkets.com



PROVISIONAL ALLOTMENT LETTER

Contact numbers	+234 1 422 8530	+234 1 448 5500	+234 704 000 0260
	+234 1 422 8709	+234 1 905 2326	+234 808 726 5568
	+234 1 422 8120	+234 1 905 2000	+234 704 000 1401

Such payment must include the subscriber's full name in the transfer instruction narrative.

b) **Partial Acceptance**

To accept your provisional allotment partially, please complete box B of the Participation Form and submit the completed Participation Form to any of the Receiving Agents listed on Page 35 of this document together with full amount payable in respect of the number of shares you wish to accept. Payment should be made in accordance with 2(a) above.

c) **Applying for Additional Shares**

This may be done by completing items (ii) and (iii) of box A of the Participation Form. Payment should be made in accordance with 2(a) above.

Shareholders who apply for additional shares using the Participation Form will be subject to the allotment process and may therefore be allotted less than the number of additional shares applied for (see item 4 below).

3. **Trading in Rights on The NSE**

The approval of The NSE has been obtained for trading in the rights of the Company. The rights will be tradable between 15 January 2018 and 21 February 2018 at the price at which the Rights are quoted on The NSE. If you wish to renounce your rights partially or in full, you may trade such renounced Rights on the floor of The NSE between these dates. Please complete item (iii) of box B of the Participation Form and contact your stockbroker for assistance. If you wish to purchase renounced Rights, please contact your stockbroker who will guide you regarding payment and the procedure for purchasing FMN Rights.

4. **Allotment of Shares**

Allotment of shares will be made first to shareholders who accepted their rights partially or in full, and to investors who purchased rights on the floor of The NSE. Ordinary shares which are not taken up by 21 February 2018 will be allotted on a pro-rata (equal) basis to existing shareholders who applied and paid for additional shares over and above their provisional allotment.

5. **Subscription Monies**

Participation Forms must be accompanied with the full amount due on acceptance in accordance with paragraph 2 above. All subscription monies will be retained in interest yielding bank accounts by the Receiving Banks.

6. **Surplus Application Monies**

If any application for additional shares is not accepted or accepted for fewer shares than the number applied for, a cheque for the value of the additional shares not accepted including applicable interest will be sent by registered post or electronic payment into the affected subscriber's account as stated in the Participation Form not later than 5 working days after the date of allotment.

7. **Rounding Principle**

Provisional allotment of shares will be such that shareholders will not be allocated a fraction of a share and as such any shareholding giving rise to a fraction of less than one share will be rounded down to the nearest whole number.


8. **Settlement**

The CSCS accounts of shareholders will be credited not later than 15 Working Days from the date of allotment. Shareholders are hereby advised to state the name of their respective stockbrokers, their CHN and CSCS account numbers in the relevant spaces on the Participation Form. In accordance with the SEC Directive on Dematerialization of Share Certificates, shareholders who do not provide valid CHN and CSCS account numbers will have their shares credited at the CSCS

PROVISIONAL ALLOTMENT LETTER

using a Registrar Identification Number. A Registrar Identification Number is a number allocated to shareholders who do not have valid CHN and CSCS account numbers to warehouse their units of shareholding in public companies under Registrars custody at the CSCS. The allotted shares will be transferred to the stockbroking account of the shareholder once valid CHN and CSCS account numbers are provided. Any shareholder who does not have a valid CHN and CSCS account number, is advised to open a stockbroking account with a stockbroker and obtain a valid CHN and CSCS account number from the stockbroker.

Yours faithfully



Mr Joseph O. Umolu
Company Secretary

RECEIVING AGENTS

A copy of the Rights Circular has been forwarded to each of the shareholders whose names appeared in the Company's Register of Members as at 08 December 2017. The completed Participation Forms may be returned to any of the following Receiving Agents to whom brokerage will be paid at the rate of ₦0.50 kobo per ₦100 worth of shares allotted in respect of Participation Forms bearing their official stamp.

The Company and Issuing Houses cannot accept responsibility for the conduct of any of the institutions listed below. Shareholders are therefore advised to conduct their own enquiries before choosing an agent to act on their behalf. Evidence of lodgement of funds or Participation Forms at any of the Receiving Agents listed below, in the absence of corresponding evidence of receipt by the Issuing Houses cannot give rise to a liability on the part of the Issuing Houses under any circumstances.

BANKS

Access Bank Plc Citibank Nigeria Limited Diamond Bank Plc Ecobank Nigeria Plc Fidelity Bank Plc	First Bank of Nigeria Plc First City Monument Bank Limited Guaranty Trust Bank use of pro Heritage Bank Plc Keystone Bank Limited	Skye Bank Plc Stanbic IBTC Bank PLC Standard Chartered Bank Nigeria Limited Sterling Bank Plc	Union Bank of Nigeria Plc United Bank for Africa Plc Unity Bank Plc Wema Bank Plc Zenith Bank Plc
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STOCKBROKERS AND OTHERS

Adamawa Securities Limited Adonai Stockbrokers Limited African Alliance Stockbrokers Limited Afrinvest (West Africa) Limited AIMS Asset Management Limited Alangrange Securities Limited Allbond Investment Limited Alliance Capital Managt Co. Limited Altrade Securities Limited AMyn Investments Limited Anchorage Sec & Finance Limited Anchoria Inv& Securities Limited Apel Asset Limited APT Sec. & Funds Limited Arian Capital Management Limited ARM Securities Limited Associated Asset Managers Limited Atlass Portfolio Limited Belfry Stockbrokers Limited Bestlink Investment Limited Bestworth Assets & Trust Limited BFCL Assets & Sec Limited BIC Securities Limited Bytofel Trust & Securities Limited Cadington Securities Limited Calyx Securities Limited Carry Securities Limited Capital Asset Limited Capital Bancorp Limited Capital Express Securities Limited Capital Trust Brokers Limited Cardinal Stone Securities Limited Cashcraft Asset Mgt. Limited Cashville Inv& Sec. Limited Centre-Point Inv. Limited Century Securities Limited Chapel Hill Denham Securities Limited Chartwell Securities Limited Citi Investment Capital Limited City-Code Trust & Inv Limited Clearview Inv Co. Limited Colvia Securities Limited Compass Inv and Sec Limited Consolidated Inv Limited Consortium Investments Limited Cordros Capital Limited Core Trust & Investment Limited Covenant Securities & Asset Management Limited Cowry Asset Mgt Limited Cradle Trust Fin & Sec. 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PARTICIPATION FORM

Lead Issuing House:



Joint Issuing Houses:



on behalf of



FLOUR MILLS OF NIGERIA PLC

RC 2343

Rights Issue of

Acceptance List Opens
15 January 2018

1,476,142,418 ordinary shares of 50 kobo each

Acceptance List Closes
21 February 2018

at ₦27.00 per share

on the basis of 9 new ordinary shares

for every 16 Ordinary Shares held as at the close of business on 08 December 2017

Series 1 under the ₦40,000,000,000 Rights Issue Programme

PAYABLE IN FULL ON ACCEPTANCE



INSTRUCTIONS FOR COMPLETING THE PARTICIPATION FORM

- Acceptance and/or renunciation must be made on this Participation Form.
- Allottees should complete only **ONE** of the boxes marked A and B on the reverse of this form. Shareholders accepting the provisional allotment in full should complete box A and submit their Participation Forms to any of the Receiving Agents listed on Page 35 of the Rights Circular together with a cheque or bank draft made payable to the Receiving Agent for the full amount payable on acceptance. The cheque or draft must be crossed "FMN RIGHTS", with the name, address and mobile number of the shareholder written on the back.

Any payment value exceeding ₦10 million should be made via SWIFT, RTGS or NEFT into any of the designated Offer Proceeds Account stated below:

Account Details	Stanbic IBTC Bank PLC	First Bank of Nigeria Limited	Zenith Bank Plc
Account Name	FMN Rights Issue	FMN Rights Issue	Flour Mills of Nigeria Rights Issue
Account Number	0023743617	2032746172	1012890937
Sort Code	221150014	011152303	057150055

Foreign currency subscribers are advised to contact the Receiving Banks for the applicable US Dollar exchange rate on the day the remittance is being effected. Payment can be made in US Dollars for credit to:

Stanbic IBTC Bank PLC Account number 04433866 at Deutsche Bank Trust Company Americas, Church Street Station, New York, N.Y. 10015, USA, (Swift code: SBICNGLX) for final credit to FMN Rights Issue (0023743617), with the narrative "[Full Name of Shareholder]'s payment for FMN Rights"; or

First Bank Nigeria Limited Account number 04435001 at Deutsche Bank Trust Company Americas, New York, N.Y. 10004, USA, (Swift code: FBINGLA) for final credit to FMN Rights Issue (2032746172), with the narrative "[Full Name of Shareholder]'s payment for FMN Rights"; or

Zenith Bank Plc Account number 10407941 at Citibank N.A., Canada Square, Canary Wharf, London, E14 5LB, UK, (Swift code: CITIGB2L) for final credit to Flour Mills of Nigeria Rights Issue (1012890937), with the narrative "[Full Name of Shareholder]'s payment for FMN Rights".

Evidence of all electronic transfers must be submitted to the Receiving Agents and the Issuing Houses. If payment is not received by 21 February 2018, the provisional allotment will be deemed to have been declined and will be cancelled.

- Shareholders accepting their provisional allotment partially should complete box B and submit their Participation Forms to any of the Receiving Agents listed on Page 35 of the Rights Circular together with the evidence of payment transfer for the partial acceptance in accordance with 2 above.
- Shareholders renouncing the provisional allotment partially or in full, who also wish to trade their rights on the floor of The Exchange should complete item (iii) of box B. They should obtain a Transfer Form from their stockbroker, complete it in accordance with these instructions, and return it to the stockbroker together with the completed Participation Form and the amount payable/evidence of transfer for any partial acceptance in accordance with 2 above.
- Shareholders who wish to acquire additional shares over and above their provisional allotment may purchase renounced rights by contacting their stockbroker, and/or apply for additional shares by completing item (ii) and (iii) of box A.
- All cheques or bank drafts for amounts below ₦10 million will be presented for payment on receipt and all acceptances / applications in respect of which cheques are returned unpaid for any reason will be rejected and cancelled. Shareholders are advised to obtain an acknowledgement of the amount paid from the Receiving Agent through which this Participation Form is lodged.
- Joint allottees must sign on separate lines in the appropriate section of the Participation Form.
- Participation Forms of corporate allottees must bear their incorporation numbers and corporate seals and must be completed under the hands of duly authorised officials who should also state their designations.

FOR REGISTRAR'S USE ONLY

Number of Ordinary Shares Provisionally Allotted	Number of Ordinary Shares Accepted	Number of Additional Ordinary Shares applied for	Number of Ordinary Shares Renounced	Number of Additional Ordinary Shares allotted	Total number of Ordinary Shares Allotted	Total amount payable	Amount paid	Amount to be returned	Bank draft/cheque number
						₦	₦	₦	

STAMP OF RECEIVING AGENT

Please Turn Over



PARTICIPATION FORM

Acceptance and/or renunciation must be made in accordance with the instructions set out on the front of this form. Care should be taken to comply with the instructions as application that do not comply may be rejected. If you are in doubt as to what action to take, you should immediately consult your Stockbroker, Accountant, Banker, Solicitor, Independent Investment Adviser or any other professional adviser for guidance. The Company and the Issuing House have the discretion to reject any incomplete Participation Form.

Investor's Stockbroker.....

CHN Number.....

Stockbroker Code.....

CSCS Number.....

A. FULL ACCEPTANCE / REQUEST FOR ADDITIONAL ORDINARY SHARES	
i. I / We accept in full, the provisional allotment shown on the front of this form.	
ii. I / We also apply for additional ordinary shares:	
Number of Additional ordinary shares applied for	Additional amount payable at ₦27.00 per share
<input type="text"/>	<input type="text"/>
I / We agree to accept the same or smaller number of additional shares in respect of which allotment may be made to me/us, in accordance with the Provisional Allotment Letter contained in the Rights Circular.	
iii. I / We enclose my / our cheque / bank draft / evidence of payment transfer for ₦..... being the sum of the amount payable as shown on the front of this form, and the additional amount payable as shown in item (ii) above. Cheque details: Name of bank / cheque number/branch.....	

B. RENUNCIATION OR PARTIAL ACCEPTANCE		
1	2	3
Number of ordinary shares accepted	Amount payable at ₦27.00 per share	Number of ordinary shares renounced
<input type="text"/>	<input type="text"/>	<input type="text"/>
i. I / We accept only the number of ordinary shares shown in column (1) above and enclose my/our cheque / bank draft for the value shown in column (2) above. Cheque details: Name of bank / cheque number / branch.....		
ii. I / We hereby renounce my / our rights to the ordinary shares shown in column (3) above, being the balance of the ordinary shares allocated to me / us.		
iii. I / We confirm that I / We wish to trade my / our rights of ordinary shares (being my / our renounced shares as shown in Column (3) above) on the floor of The Exchange. I / We shall obtain a Transfer Form from my / our stockbroker, complete it in accordance with his instructions and return it to the stockbroker with the form.		

MUST BE FULLY COMPLETED FOR BOTH A AND B	
Name (s) (in block letters)	
<input type="text"/>	
Next of Kin	
<input type="text"/>	
Daytime Telephone Number	Mobile (GSM) Telephone Number
<input type="text"/>	<input type="text"/>
Email Address	
<input type="text"/>	
BANK DETAILS (FOR E-DIVIDEND)	
Name of Bank	
<input type="text"/>	
Branch	Incorporation Number and Seal of Corporate Allottee
<input type="text"/>	
Account Number	
<input type="text"/>	
Signature	2 nd Signature (Joint only)
<input type="text"/>	<input type="text"/>
Name of Authorised Signatory (corporate only):	Name of Authorised Signatory (corporate only):
<input type="text"/>	<input type="text"/>
Designation (corporate only):	Designation (corporate only):
<input type="text"/>	<input type="text"/>

C. TRADING IN RIGHTS	
i) Shareholders who wish to trade in their rights partially or in full may trade such rights on the floor of The Exchange. The rights will be traded actively on the floor of The Exchange.	
ii) Shareholders who wish to acquire additional shares over and above their provisional allotment may purchase traded rights (see iv), and / or apply for additional shares by completing item (ii) of box A above.	
iii) Shareholders who purchase rights on the floor of The Exchange are guaranteed the number of shares purchased: they will not be subject to the allotment process in respect of shares so purchased. Those that apply for additional shares by completing item (ii) of box A will be subject to the allotment process i.e. they may be allotted a smaller number of additional shares than what they applied for.	
iv) If you wish to purchase renounced rights, please contact your stockbroker who will guide you regarding payment and the procedure for purchasing FMN rights.	

STAMP OF RECEIVING AGENT