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MAY AND BAKER NIGERIA PLC

FINANCIAL STATEMENTS
31 DECEMBER 2017

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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MAY AND BAKER PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors accept responsibility for the preparation of the accompanying financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent jugements and estimates in accordance with the International Financial Reporting Standards; in compliance with the Financial Reporting Council Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act CAP C20 LFN 2004.

The Directors are of the opinion that the accompanying financial statements give a true and fair view of the state of the financial affairs of the Company, in accordance with the International Financial Reporting of Standards; in compliance with the Financial Reporting Council of Nigeria Act. No 6, 2011 and in manner required by Compaines and Allied Matters Act, CAP C20, LFN 2004.

The Directors further accept responsibility for the maintenance of adequate accounting records as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

The separate and consolidated financial statements have been prepared on a going concern basis. The Directors have made assessment of the company's ability to continue as a going concern and have no reason to believe that the company will not remain a going concern in the year' ahead.

Signed on behalf of the Board of Directors by:

LT. GEN. T.Y. Danjuma (Rtd) GCON
Chairman
FRC/2013/NIM/00000002317

Dated: 22 March 2018

Nnamdi Okafor
Managing Director
FRC/2013/PSNIG/000002118

Dated: 22 March 2018

May & Baker Nigeria Plc RC. 558

REPORT OF THE AUDIT COMMITTEE

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004, we confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31 December, 2017 were adequate and we have reviewed the external auditors' findings on management matters and are satisfied with the departmental responses thereon.

Dated 19 March, 2018

Sir G O Adewumi
(Audit Committee Chairman)
FRC/2013/ICAN/00000002243

Members of the Audit Committee

Sir G. O. Adewumi (Chairman)
Mr. B.O. Adeleke
Miss C. Vincent
Mr. I. Dankaro
Mrs G.I. Odumodu
Mr. V.C. Okelu

Independent Auditor's Report

To the Shareholders of May and Baker Nigeria Plc.

Opinion

We have audited the accompanying consolidated financial statements of May and Baker Nigeria Plc ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004.

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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements of the year ended 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The audit matters below relate to the audit of the consolidated financial statements.

Key audit matters	How the matter was addressed in the audit
a) Information technology (IT) systems and control over financial reporting A significant part of the Group's financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes of controls is ensuring appropriate user process and change management protocols exist, and are being adhered to. These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. The Group uses a vendor customised Electronic Resource Planning Application - Sage 300. The Group has an IT division to manage the IT functions, and/or to assist with minor operational requirements while Prime Symbol Limited provide service for major functions. In the event that the IT system fails, business operations will be disrupted/hampered until systems are online. As our audit sought to place a high level of reliance on IT systems and application controls relating to financial reporting, a high proportion of the overall audit effort was on this area.	We focused our audit on those IT systems and controls that are significant for the Company financial reporting process. As audit procedures over IT systems and controls require specific expertise, we involved IT specialist in our audit. We assessed and tested the design and operating effectiveness of the Company's IT controls, including those over users access and change management as well as date reliability. In a limited number of cases, we adjusted our planned audit approach as follows: • We extended our testing to identify whether there had been unauthorised or inappropriate access or changes made to critical IT systems and related data; • Where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative controls; and • Where required, we performed a greater level of testing to validate the integrity and reliability of associated data reporting.
b) Impairment allowance for trade and other receivables Trade and other receivables are significant to this company as they account for about 18% of the total balance sheet value. They are stated in the financials at their invoiced values less allowance for estimated irrecoverable amounts as disclosed in Note 21. The Company has a policy of providing for debts with aging of more than 360 days. This impairment policy does not apply to balances of customers categorised under Special Business Institutions (SBIs) and Public Sectors. There is possibility of misclassifying goods meant for SBIs with the intention of avoiding provision on such goods and overstating receivables. The classification of some customers into SBIs has some level of uncertainty which makes it a Key Audit Matter.	We focused our testing of impairment of trade and other receivables on the assumptions made by management. Our audit procedures included: • Updating, evaluating and validating our understanding of the receivable cycle. Carried out debtors circularisation, to obtain evidence for the accuracy and existence of debts. • Evaluated the accounting principles underlying revenue recognition, which form the basis for the recognition of trade receivables. • Evaluated the related risks associated with the company's credit policy and the aging of trade receivables as disclosed in Note 21 of the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements.

If, based on the work we have performed on the other information that we 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.

Responsibilities of the Directors and those charged with Governance for the financial statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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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 the 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, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our 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.

The engagement partner on the audit resulting in this independent auditor's report is Olatunji Ogundeyin.

Olatunji Ogundeyin, FCA
FRC/2013/ICAN/00000002224
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria

Dated: 22 March 2018

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1191524

MAY AND BAKER NIGERIA PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		The Group		The Company	
		2017	2016	**2017**	2016
	Notes	**N'000**	N'000	**N'000**	N'000
Continuing operations					
Revenue	5	**9,352,636**	8,469,359	**9,140,023**	8,304,215
Cost of sales		**(6,075,115)**	(5,933,561)	**(5,981,882)**	(5,857,420)
Gross profit		**3,277,521**	2,535,798	**3,158,141**	2,446,795
Other operating income	7	**36,053**	46,891	**36,053**	46,891
Distribution, Sales and marketing expenses		**(1,439,424)**	(1,137,764)	**(1,363,762)**	(1,092,693)
Administrative expenses		**(638,177)**	(624,058)	**(611,886)**	(592,009)
Operating profit		**1,235,973**	820,867	**1,218,545**	808,984
Investment income	8	**52,016**	23,511	**52,016**	23,511
Other (losses)/gains	9	**(47,295)**	20,870	**(50,206)**	23,489
Finance costs	10	**(635,071)**	(519,309)	**(634,147)**	(518,314)
Profit before tax		**605,622**	345,939	**586,208**	337,670
Income tax expense	13	**(234,756)**	(387,033)	**(229,027)**	(386,382)
Profit/(loss) for the year	11	**370,866**	(41,094)	**357,181**	(48,712)
Total comprehensive income/(loss) for the year:		**370,866**	(41,094)	**357,181**	(48,712)
Earnings/(loss) per share					
Basic (Naira)	14	**0.38**	(0.04)	**0.36**	(0.05)
Diluted (Naira)		**0.38**	(0.04)	**0.36**	(0.05)

All the profit /(loss)of the Group is attributable to Owners of the Parents as there are no non-controlling interests.

The accompanying explanatory notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

MAY AND BAKER NIGERIA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

		The Group		The Company	
		2017	2016	**2017**	2016
	Notes	**N'000**	N'000	**N'000**	N'000
Assets					
Non current assets					
Intangible assets	15	**33,648**	67,296	**33,648**	67,296
Property,plant and equipment	16	**3,651,102**	3,987,172	**3,647,401**	3,977,987
Deposit for investment	17	**230,000**	245,325	**230,000**	245,325
Investment in subsidiaries	18	**-**	-	**3,000**	3,000
		3,914,750	4,299,793	**3,914,049**	4,293,608
Current assets					
Inventories	19	**1,598,490**	1,727,769	**1,469,491**	1,683,758
Trade and other receivables	20	**719,028**	781,551	**663,517**	726,248
Other assets	21	**879,338**	863,917	**840,048**	805,921
Due from related parties	22	**6,336**	-	**240,743**	194,141
Cash and cash equivalents	23	**545,957**	946,691	**527,726**	925,215
		3,749,148	4,319,928	**3,741,525**	4,335,283
Total assets		**7,663,898**	8,619,721	**7,655,574**	8,628,891
Equity and liabilities					
Share capital	24	**490,000**	490,000	**490,000**	490,000
Share premium account	25	**1,626,094**	1,626,094	**1,626,094**	1,626,094
Retained earnings	26	**1,207,658**	895,592	**1,232,858**	934,477
Total Equity		**3,323,752**	3,011,686	**3,348,952**	3,050,571
Non-current liabilities					
Borrowings	27	**1,130,000**	1,931,113	**1,130,000**	1,931,113
Employee benefits	29	**78,918**	123,244	**78,096**	123,244
Deferred tax liabilities	13	**596,799**	417,515	**595,561**	416,450
Total non-current liabilities		**1,805,717**	2,471,872	**1,803,657**	2,470,807
Current liabilities					
Trade and other payables	28	**1,104,655**	1,889,136	**1,079,929**	1,860,899
Current tax liabilities	13	**64,889**	156,121	**59,357**	155,708
Borrowings	27	**1,332,986**	1,040,641	**1,332,986**	1,040,641
Other liabilities	30	**31,898**	50,265	**30,692**	50,265
		2,534,428	3,136,163	**2,502,964**	3,107,513
Total liabilities		**4,340,146**	5,608,035	**4,306,621**	5,578,320
Total equity and liabilities		**7,663,898**	8,619,721	**7,655,574**	8,628,891

These consolidated financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on **22 March 2018.**

LT. GEN. T.Y. Danjuma (Rtd) GCON	**Nnamdi Okafor**	**Ayodeji Aboderin**
Chairman	**Managing Director**	**Finance Director/ CFO**
FRC/2013/NIM/00000002317	**FRC/2013/PSNIG/000000018**	**FRC/2014/ICAN/00000008270**

The accompanying explanatory notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

MAY AND BAKER NIGERIA PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital N'000	Share premium account N'000	Retained earnings N'000	Total N'000
Equity attributable to equity holders of the Group				
Balance at 1 January 2016	490,000	1,626,094	995,486	3,111,580
Profit for the year			(41,094)	(41,094)
Dividends	-	-	(58,800)	(58,800)
Balance at 31 December 2016	490,000	1,626,094	895,592	3,011,686
Balance at 1 January 2017	490,000	1,626,094	895,592	3,011,686
Profit for the year	-	-	370,866	370,866
Dividends	-	-	(58,800)	(58,800)
Balance at 31 December 2017	**490,000**	**1,626,094**	**1,207,658**	**3,323,752**
Equity attributable to equity holders of the Company				
Balance at 1 January 2016	490,000	1,626,094	1,041,989	3,158,083
Profit for the year	-	-	(48,712)	(48,712)
Dividends	-	-	(58,800)	(58,800)
Balance at 31 December 2016	490,000	1,626,094	934,477	3,050,571
Balance at 1 January 2017	490,000	1,626,094	934,477	3,050,571
Profit/(Loss) for the year	-	-	357,181	357,181
Dividends	-	-	(58,800)	(58,800)
Balance at 31 December 2017	**490,000**	**1,626,094**	**1,232,858**	**3,348,952**

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

MAY AND BAKER NIGERIA PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

		The Group		The Company	
		2017	2016	**2017**	2016
	Notes	**N'000**	N'000	**N'000**	N'000
Cashflows from operating activities					
Operating profit before working capital changes	**32**	**1,621,046**	1,270,281	**1,594,575**	1,254,459
Changes in working capital	**32**	**(524,235)**	306,817	**(495,709)**	339,638
Taxes paid		**(146,704)**	(70,254)	**(146,267)**	(70,018)
Gratuity paid		**(77,591)**	(5,657)	**(77,591)**	(5,657)
Net cash from operating activities		**872,513**	1,501,187	**875,007**	1,518,422
Cashflows from investing activities					
Proceeds from sale of property,plant and equipment		**12,710**	78,130	**12,360**	78,130
Interest received		**52,016**	23,511	**52,016**	23,511
Purchases of property,plant and equipment	**16**	**(134,541)**	(227,016)	**(134,366)**	(223,997)
Net cash used in investing activities		**(69,815)**	(125,375)	**(69,990)**	(122,356)
Cashflows from financing activities					
Dividends paid		**(59,594)**	(60,201)	**(59,594)**	(60,201)
Terms loan obtained		**-**	984,738	**-**	984,738
Loans repaid		**(525,294)**	(666,482)	**(525,294)**	(666,480)
Finance cost		**(635,071)**	(519,309)	**(634,147)**	(518,314)
Net cash used in financing activities		**(1,219,957)**	(261,254)	**(1,219,035)**	(260,257)
Net (decrease)/increase in cash and cash equivalents		**(417,260)**	1,114,558	**(414,018)**	1,135,808
Cash and cash equivalents at 1 January		**377,558**	(737,000)	**356,083**	(779,725)
Cash and cash equivalents at 31 December		**(39,702)**	377,558	**(57,934)**	356,083
Reconciliation of cash and cash balances to cash and cash equivalents					
Cash and bank balance		**545,957**	946,691	**527,726**	925,215
Bank overdrafts and commercial papers	**27**	**(585,660)**	(569,133)	**(585,660)**	(569,132)
		(39,702)	377,558	**(57,934)**	356,083

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

MAY AND BAKER NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1.1 Description of bsiness

May & Baker Nigeria Plc was incoporated as a private limited liability company in Nigeria on September 4, 1944 and commenced business on the same date. It was listed on the Nigerian stock exchange in 1994. The company is involved in the manufacture, sale and distribution of human pharmaceuticals, human vaccines and consumer products. Registered business address is 3/5 Sapara street, Industrial Estate, Ikeja, Lagos, Nigeria

1.2 Composition of Financial Statement

These financial statements comprise statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflows and the notes to the financial statements as at 31 December 2017 and 31 December 2016 for both Group and Company.

1.3 Accounting Convention

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies.

1.4 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2. Adoption of new and revised standards

a Amendments to IFRS 12 Disclosure of Interests in Other Entities

This amendment clarifies the scope of the standard by specifying that the dis-clo-sure re-quire-ments in the standard, except for those in para-graphs B10–B16, apply to an entity's interests listed in paragraph 5 that are clas-si-fied as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

b Amendments to IFRS for SMEs

Three amendments are however of larger impact:

The standard now allows an option to use the revaluation model for property, plant and equipment as not allowing this option has been identified as the single biggest impediment to adoption of the IFRS for SMEs in some jurisdictions in which SMEs commonly revalue their property, plant and equipment and/or are required by law to revalue property, plant and equipment;

The main recognition and measurement requirements for deferred income tax have been aligned with current requirements in IAS 12 Income Taxes (in developing the IFRS for SMEs, the IASB had already anticipated finalization of its proposed changes to IAS 12, however, these changes were never finalized); and

The main recognition and measurement requirements for exploration and evaluation assets have been aligned with IFRS 6 Exploration for and Evaluation of Mineral Resources to ensure that the IFRS for SMEs provides the same relief as full IFRSs for these activities.

c Amendments to IAS 7 Statement of Cash Flows

This amendment to IAS7 clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities

d Amendments to IAS 12 Income Taxes

Amends to recog-ni-tion of deferred tax assets for unrealized losses, IAS 12 Income Taxes clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

2.5 Standards and interpretations issued/amended but not yet effective.

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: This includes:

2.5.1 Amendments effective from annual periods beginning on or after 1 January 2018

a) Amendments to IFRS 2 Share-based Payment

Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled

b Amendments to IFRS 4 Insurance Contracts

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so called overlay approach;
- An optional temporary exemption from applying IFRS 9 for entities whose pre-dom-i-nant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

a) Amendments to IFRS 15 'Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five step model to be applied to all contracts with customers. The five steps in the model are as follows:

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

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Amends IFRS 15 Revenue from Contracts with Customers also clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts

b) Amendments to IFRS 9 Financial Instruments

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized

- **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- **Derecognition.** The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

c) Amendments to IAS 40 Investment Property

Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

d) Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Amendments' resulting from Annual Improvements 2014–2016 Cycle, the amendment deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

e) Amendments to IAS 28 Investments in Associates and Joint Ventures

This amendment Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment by investment basis, upon initial recognition.

f) Amendments effective from annual periods beginning on or after 1 January 2019

IFRS 16 'Leases'

Effective for an annual periods beginning on or after 1 January 2019

- New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows;
- IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that lease;
- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently;
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk;
- IFRS 16 supersedes the following Standards and Interpretations:
  a) IAS 17 Leases;
  b) IFRIC 4 Determining whether an Arrangement contains a Lease;
  c) SIC-15 Operating Leases—Incentives; and
  d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

g) New standards, amendments and interpretations issued but without an effective date

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective: This includes:

Amendments to IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Also a revised version of IFRS 9 incorporating requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

Amendments to IFRS 10 and IAS 28 Consolidated Financial Statements and Investments in Associates and Joint Ventures

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associ-ates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

3 Significant accounting policies

The principal accounting policies adopted are set out below.

3.1 Foreign currency translation

Foreign currency transactions are booked in the functional currency of the Group (naira) at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange ruling at the reporting period. Exchange differences are included in the Statement of profit or loss and other comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3.3 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

3.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

a) Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

i the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
ii the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
iii the amount of revenue can be measured reliably;
iv it is probable that the economic benefits associated with the transaction will flow to the Group; and
v the costs incurred or to be incurred in respect of the transaction can be measured reliably;
vi the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

b) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

c) Rental income

Refer to the leasing policy in note 3.10

3.5 Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Manufacturing start-up costs between validation and the achievement of normal production are expensed as incurred. Advertising and promotion expenditure is charged to profit or loss as incurred. Shipment costs on inter-company transfers are charged to cost of sales; distribution costs on sales to customers are included in distribution expenditure. Restructuring costs are recognised and provided for, where appropriate, in respect of the direct expenditure of a business reorganisation where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken.

3.6 Intangible assets

Intangible assets acquired seperately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.7 Legal and other dispute

Provision is made for the anticipated settlement costs of legal or other disputes against the Group where an outflow of resources is considered probable and a reliable estimate can be made of the likely outcome. In addition, provision is made for legal or other expenses arising from claims received or other disputes. In respect of product liability claims related to certain products, there is sufficient history of claims made and settlements to enable management to make a reliable estimate of the provision required to cover un-asserted claims. The Group may become involved in legal proceedings, in respect of which it is not possible to make a reliable estimate of the expected financial effect, if any, that could result from ultimate resolution of the proceedings. In these cases, appropriate disclosure about such cases would be included but no provision would be made. Costs associated with claims made by the Group against third parties are charged to profit or loss as they are incurred. When the group is virtually certain of receiving reimbursement from a third party (in the form of insurance, a shared liability agreement etc.) to compensate for any lost financial benefit from such disputes, they should recognise a receivable as an asset.

3.8 Pensions and other post-employment benefits

Defined contribution scheme

The Group operates a defined contribution based retirement benefit scheme for its staff, In accordance with the provisions of the amended Pension Reform Act, 2014 the Company has instituted a Contributory Pension Scheme for its employees, where both the employees and the company contribute 8% and 10% of the employee total emoluments. The company's contribution under the scheme is charged to the profit and loss while employee contributions are funded through payroll deductions.

In addition to the pension scheme, the Company operates a gratuity scheme payable to employees that have served a minimum of five years of service. The benefits are calculated based on employees salary for each qualifying year. The Company discharges its obligation to employees once payment is made to the fund managers.

3.9 Property plant and equipment

Property, plant and equipment is carried in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment.

The cost of acquisition comprises the acquisition price plus ancillary and subsequent acquisition costs, less any reduction received on the acquisition price. The cost of self-constructed property, plant and equipment comprises the direct cost of materials, direct manufacturing expenses, and appropriate allocations of material and manufacturing overheads. Where an obligation exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the related future payments is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

If the construction phase of property, plant or equipment extends over a long period, the interest incurred on borrowed capital up to the date of completion is capitalized as part of the cost of acquisition or construction in accordance with IAS 23 (Borrowing Costs).

Expenses for the repair of property, plant and equipment, such as on-going maintenance costs, are normally recognized in profit or loss. The cost of acquisition or construction is capitalized if a repair (such as a complete overhaul of technical equipment) will result in future economic benefits.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following depreciation periods, based on the estimated useful lives of the respective assets, are applied throughout the Group:

Class	Useful life (range)
Buildings	33 1/3 years
Plant, machinery and fittings	10 - 20 years
Office equipment and furniture	3 - 10 years
Trucks and motor vehicles	3 - 8 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.1 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.11 Impairment of non-current assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.12 Financial assets

The Group's financial assets include:

- Cash and cash equivalents
- Fixed deposits
- Other investments

a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less when acquired and held for meeting short-term cash commitments and not for investment or other purposes. They are readily convertible into known amounts of cash and are held at amortised cost.

b) Fixed deposits

Fixed deposits, comprising principally funds held with banks and other financial institutions, are initially measured at fair value, plus direct transaction costs, and are subsequently remeasured to amortised cost using the effective interest rate method at each reporting date. Changes in carrying value are recognised in profit or loss.

c) Other investments

Held to maturity

Investments with fixed or determinable payment and fixed maturity dates that management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at fair value and subsequently at amortized cost using the effective interest method less any impairment.

Available for sale

Liquid investments and other investments are classified as available for- sale investments and are initially recorded at fair value plus transaction costs and then re-measured at subsequent reporting dates to fair value. Unrealised gains and losses on available-for-sale investments are recognised directly in other comprehensive income. Impairments arising from the significant or prolonged decline in fair value of an equity investment reduce the carrying amount of the asset directly and are charged to profit or loss. On disposal or impairment of the investments, any gains and losses that have been deferred in other comprehensive income are reclassified to profit or loss.

Dividends on available for sale (AFS) equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available for sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including [trade and other receivables, bank balances and cash are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Held for trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as held for trading and included in current assets. These are initially measured at fair value and at subsequent reporting dates, these investments are remeasured at their fair values with realized and unrealized gains and losses arising from changes in fair value included in profit or loss for the period in which they arise. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

3.13 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3.14 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.15 Financial liabilities

Financial liabilities are recognised when the Group becomes party to the contractual provisions of an instrument and are initially recognised at fair value adding transaction costs.

Financial liabilities (including borrowings and trade payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.16 Other receivables and liabilities

Accrued items and other non-financial assets and liabilities are carried at cost. They are charged/credited to profit or loss according to performance of the underlying transaction.

3.17 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants relating to property, plant and equipment are treated as deferred revenue and released to profit or loss over the expected useful lives of the assets concerned.

3.18 Inventories

In accordance with IAS 2 (Inventories), inventories encompass assets held for sale in the ordinary course of business (finished goods and goods purchased for resale), in the process of production for such sale (work in process) or in the form of materials or supplies to be consumed in the production process or in the rendering of services (raw materials and supplies). Inventories are stated at the lower of cost and net realizable value. The net realizable value is the achievable sale proceeds under normal business conditions less estimated cost to complete and selling expenses. Costs of inventories are determined on a first-in-first-out basis.

3.19 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.19.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.19.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other han in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. For any temporary differences arising on business combinations where the Group can control the reversal of the temporary difference and it is not expected to reverse in the near future, the deferred tax aset/liability is not recognised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.19.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.2 Discounting

Where the effect of the time value of money is material, balances are discounted to present values using appropriate rates of interest. The unwinding of the discounts is recorded in finance income and finance costs.

3.21 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of their previous carrying amount and fair value less costs to sell if their carrying value is to be recovered principally through a sale transaction rather than through continuing use. The condition of being recovered through sale is only met when: "the sale is highly probable, the non-current asset is available for immediate sale in its present condition, management is committed to the sale and the sale is expected to qualify for recognition as a completed sale within one year from the date of classification."

3.22 Borrowing costs

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

3.23 Dividends

Dividends are recognised as a liability in the financial statement in the year in which the dividend is approved by the shareholders.

3.24 Segment reporting

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

3.25 Earnings per share

Earnings per share are calculated by dividing profit for the year by the number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by dividing profit for the year by the fully-diluted number of ordinary shares outstanding during the period.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical accounting judgement

The following are the critical judgements and estimates that the directors have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1.1 Revenue recognition

In the application of the Group's policy that states that revenues are recognized when significant risks and rewards has been transferred to the buyer, Management has ensured that revenues are recognised when goods are delivered to Customers. When goods remain in the Company's facility as a result of delayed transportation arrangement by the Customer, the Customers are aware based on practice and signed contract notes that the risks and reward of such goods remain with them.

4.1.2 Indefinite useful life of intangible assets

During the year, the directors reconsidered the recoverability of the Group's intangible asset (trade mark) and assessed if the useful life is still indefinite,the trademark conveys an irrevocable right of use to the Company. Management's assessment for recoverability includes active sales from the products, competition and current market share of the products, it is believed that the asset is fully recoverable.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Useful life of property, plant and equipment

Property plant and equipment represent the most significant proportion of the asset base of the Company, accounting for over 60 % of the Company's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance and have been properly done.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or it's residual value would result in the reduced depreciation charge in the profit or loss.

The useful lives and residual values of the of property, plant and equipment are determined by management.

4.2.2 Allowance for doubtful receivables

Judgment is exercised to make allowance for trade receivables doubtful of recovery by reference to the financial and other circumstances of the debtor in question. Based on the credit terms and historical experience regarding trade receivables, the Company makes both individual and collective impairment allowance for doubtful debt.

4.2.3 Allowance for obsolete inventory

Management continously assesses inventory items for obsolescence based on the standard operating practice of the Company.

4.2.4 Fair valuation of loan

To obtain the fair value of a loan obtained at below market interest rate, the Group used a valuation technique that include inputs that are based on observable market data Management believes that the key assumptions used in the determination of the fair value are appropriate.

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
5 Revenue				
An analysis of the Group's revenue is as follows:				
Sale of goods	9,352,636	8,469,359	9,140,023	8,304,215
Total revenue	9,352,636	8,469,359	9,140,023	8,304,215

6 Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on both the types of goods or services delivered or provided and the market where the goods or services are delivered or provided. The Group's reportable segments under IFRS 8 are therefore as follows.

i Foods - This segment is involved in the production of packege foods including noodles.

ii Pharmeceuticals - This segment is involved in the production and sale of human pharmaceuticals and human vaccines.

iii Beverage - This segment is involved in the production of beverage drinks including bottled water.

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
6.1 Segment revenue				
Pharmaceuticals	7,994,749	6,297,963	7,782,136	6,132,819
Beverage	62,212	59,658	62,212	59,658
Foods	1,295,675	2,111,738	1,295,675	2,111,738
	9,352,636	8,469,359	9,140,023	8,304,215
Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year.				
6.2 Segment profit				
Pharmaceuticals	3,096,180	2,394,941	2,976,800	2,305,938
Beverage	(7,729)	(14,573)	(7,729)	(14,573)
Foods	90,697	155,430	90,697	155,430
Total segment profit	3,179,148	2,535,798	3,059,768	2,446,795
Other operating income (Note 7)	36,053	46,891	36,053	46,891
Investment income (Note 8)	52,017	23,511	52,017	23,511
Other gains and losses (Note 9)	(47,295)	20,870	(50,206)	23,489
Central administration costs and directors' salaries	(2,077,601)	(1,761,822)	(1,975,648)	(1,684,702)
Finance costs	(635,071)	(519,309)	(634,147)	(518,314)
Profit before tax	507,250	345,939	487,837	337,670

6.3 Segment accounting policies

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment without allocation of central administration costs and directors' salaries, selling, marketing and distribution expenses, other operating income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

6.4 Segment assets and liabilities

The Chief Executive Officer does not assess segment performance based on reports on segment assets and liabilities.

6.5 Information about major customers

There are no customers that represent more than 10% of the total revenue of any of the reported segments.

Geographical information

The Group operates in Lagos and West, East and North principal geographical areas. The Group's revenue from continuing operations from external customers by location of operations are as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	Revenue from external customers	Revenue from external customers	Revenue from external customers	Revenue from external customers
	₦'000	₦'000	**₦'000**	₦'000
East	3,703,343	3,445,558	3,609,793	3,380,552
West	1,567,101	1,233,162	1,543,714	1,233,162
Lagos	3,001,821	2,794,609	2,918,902	2,708,580
North	1,080,371	996,030	1,067,614	981,921
	9,352,636	8,469,359	9,140,023	8,304,215

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
7 Other operating income				
Income on contract manufacturing	4,996	1,328	4,996	1,328
Miscellaneous income (Note 7.1)	8,981	17,929	8,981	17,929
Sales of scrap	2,401	637	2,401	637
Deferred income realised (Note 7.2)	19,674	26,997	19,674	26,997
	36,053	46,891	36,053	46,891

7.1 Miscellaneous income

Miscelaneous income is earned on insurance claim received from HUGG Robinson and BCM insurance broker.

7.2 Deferred income realised

This relates to the fair value gain on the Bank of Industry account now realized.

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		The Group		The Company	
		2017	2016	**2017**	2016
		₦'000	₦'000	**₦'000**	₦'000
8	**Investment income**				
	Rental income (Note 8.1)	22,124	21,550	22,124	21,550
	Interest income (Note 8.2)	29,892	1,961	29,892	1,961
		52,016	23,511	52,016	23,511

8.1 The rental income is earned on some part of the floor space of the company's Ikeja factory which is leased out to some other companies.

8.2 The interest income is earned on short term investments (fixed deposits) with various commercial banks in Nigeria. The investments are not designated at fair value through profit or loss, rather they are carried at amortised cost.

		The Group		The Company	
		2017	2016	**2017**	2016
		₦'000	₦'000	**₦'000**	₦'000
9	**Other (losses)/gains**				
	Profit on disposal of property, plant and equipment	4,001	56,855	3,651	56,855
	Foreign exchange loss	(51,296)	(35,985)	(53,857)	(33,366)
		(47,295)	20,870	(50,206)	23,489
10	**Finance cost**				
	Interest on bank overdrafts and loans	490,312	434,534	489,387	433,539
	Interest on loans from related party	144,760	84,775	144,760	84,775
		635,072	519,309	634,147	518,314
11	**Profit/(loss) for the year is attributed to:**				
	Owners of the business	370,866	(41,094)	357,181	(48,712)
		370,866	(41,094)	357,181	(48,712)
	All profit/(loss) is attributable to:				
	Profit/(loss) for the year from continuing operations is stated after charging (crediting):				
	Depreciation of property, plant and equipment	518,717	518,717	461,904	512,159
	Auditor's remuneration	10,000	10,000	10,000	9,000
	Staff costs (see note 12)	668,663	620,795	649,387	608,406
	Director's remuneration and fees:				
	- Fees	3,410	3,410	3,410	3,410
	- Salaries and allowance	72,136	72,136	72,136	72,136
	Interest on loans and overdrafts (see note 10)	635,072	519,309	634,147	518,314

12 Staff costs

The aggregate employee remuneration is as follows:

Salaries and wages	589,061	545,518	572,169	533,129
Staff pension and gratuity	79,602	75,277	77,218	75,277
	668,663	620,795	649,387	608,406

	The Group		The Company	
	Number 2017	Number 2016	**Number 2017**	Number 2016
	N'000	N'000	N'000	N'000
12b Employees renumerated at a higher rates				
The number of employees excluding Directors in respect of emoluments excluding provident fund contributions and allowances:				
N **N**				
250,001 - 300,000	0		-	-
300,001 - 350,000	3	3	2	2
350,001 - 400,000	35	35	35	35
400,001 - 450,000	38	38	38	38
450,001 - 500,000	22	22	22	22
500,001 - 550,000	49	50	42	42
550,001 - 600,000	15	15	15	15
600,001 - 650,000	32	35	32	35
650,001 - 600,000	32	32	32	32
700,001 and above	78	78	74	74
	304	308	292	295

The average number of persons employed in the financial year are as follows:

Managerial	20	16	19	16
Senior staff	177	178	166	166
Junior staff	107	114	107	113
	304	308	292	295

	₦'000	₦'000	**₦'000**	₦'000
13. Taxation				
Income tax recognised in profit or loss:				
Back duty assessment:-				
- Income tax	-	121,368	-	121,368
- Education tax	-	11,737	-	11,737
Income tax	5,556	27,550	-	26,899
Minimum tax	29,314	-	29,314	-
Education tax	20,602	19,495	20,602	19,495
	55,472	180,150	49,916	179,499
Deferred tax recoginsed in current year	179,284	206,883	179,111	206,883
	234,756	387,033	229,027	386,382
Current tax liabilities				
At 1 January	156,121	46,225	155,708	46,227
Charge for the year	55,472	180,150	49,916	179,499
	211,593	226,375	205,624	225,726

Paid during the year	(146,704)	(70,254)	(146,267)	(70,018)
At 31 December	64,889	156,121	59,357	155,708

The charge for taxation in these financial statements was based on the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended and the Education Tax Act, CAPE 4, LFN 2004.

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
13.1 Deferred taxation				
At 1 January	417,515	210,632	416,450	209,567
Charge for the year	179,284	206,883	179,111	206,883
At 31 December	596,799	417,515	595,561	416,450

13.2 Deferred tax asset (liability)

The following are the major deferred tax (assets)/liabilities recognised by the Group and movements thereon.

The Group

Deferred tax liabilities/(assets) in relation to:

	Opening balance ₦'000	**Recognised in profit or loss ₦'000**	**Acquisition or disposals ₦'000**	**Closing balance ₦'000**
1 January, 2017				
Property, plant & equipment	422,397	604,018	-	1,026,415
Provisions	5,947	254,458	-	260,405
Fair valuation of loan	-	-	-	-
31 December, 2017	428,344	858,476	-	1,286,820
1 January, 2016				
Property, plant and equipment	275,846	-	-	275,846
Provisions	(129,750)	-	-	(129,750)
Accrued interest on loan	34,808	-	-	34,808
31 December, 2016	180,904	-	-	180,904
The company				
1 January, 2017				
Property, plant and equipment	422,397	184,211	-	606,608
Provisions	5,947	7,597	-	13,544
Fair valuation of loan	-	-	-	-
31 December, 2017	428,344	191,809	-	620,153
1 January, 2016				
Property, plant and equipment	275,846	-	-	275,846
Provisions	(134,559)	-	-	(134,559)
Accrued interest on loan	34,808	-	-	34,808
31 December, 2016	176,095	-	-	176,095

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	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
14 Earnings/(loss) per share				
The earnings/(loss) and weighted average number of ordinary shares used in the calculation of basic and diluted earnings/(loss) per share are as follows.				
Earnings/(loss)				
Earnings/(loss) for the purpose of basic earnings/(loss) per share being net profit attributable to equity holders of the	**370,866**	(41,094)	**357,181**	(48,712)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	**980,000**	980,000	**980,000**	980,000
Earnings/(loss) per 50k share (kobo) - basic	**37.84**	(4.19)	**36.45**	(4.97)
15 Intangible assets				
Trademark	**33,648**	67,296	**33,648**	67,296

The trademark represents cost of acquisition of trademark of Thalazole, Sulphatriad and Thiazamide products from May and Baker limited, England by the company. An impairment loss of N33.648m has been recognised as the trade mark is estimated to have a remaining commercial life of two years.

16 Property, plant and equipment

	Land ₦'000	Building ₦'000	Plant & Machinery ₦'000	Office furniture, fitting & equipment ₦'000	Trucks & Motor Vehicles ₦'000	Capital work-in-progress ₦'000	Total ₦'000
The Group							
Cost							
At 1 January, 2016	183,565	1,993,882	3,728,006	315,156	557,630	194,570	6,972,809
Additions	-	21,888	61,485	14,159	24,597	104,887	227,016
Disposals	-	(13,659)	(82,851)	(1,895)	(61,542)	-	(159,947)
Reclassified to asset held for sale	-	-	1,558	-	-	-	1,558
Transfers from Capital WIP		74,463	6,815	-	-	(81,278)	-
At 1 January, 2017	**183,565**	**2,076,574**	**3,715,013**	**327,420**	**520,685**	**218,179**	**7,041,436**
Additions	**-**	**8,965**	**37,877**	**21,048**	**61,305**	**5,346**	**134,541**
Disposals	**-**	**-**	**(34,063)**	**(4,226)**	**(52,379)**	**-**	**(90,668)**
At 31 December, 2017	**183,565**	**2,085,539**	**3,718,827**	**344,242**	**529,611**	**223,525**	**7,085,310**
Depreciation							
At 1 January, 2016	-	315,397	1,749,552	251,382	356,331	-	2,672,662
Charge for the year	-	61,029	348,901	22,486	86,301	-	518,717
Adjustment	-	-	1,558	-	-	-	1,558
Disposals	-	(4,057)	(73,916)	(1,666)	(59,032)	-	(138,671)
At 1 January, 2017	**-**	**372,369**	**2,026,095**	**272,202**	**383,600**	**-**	**3,054,266**
Charge for the year	**-**	**62,394**	**302,456**	**19,423**	**77,631**	**-**	**461,904**
Disposals	**-**	**-**	**(31,183)**	**(3,182)**	**(47,595)**	**-**	**(81,960)**
At 31 December, 2017	**-**	**434,763**	**2,297,368**	**288,443**	**413,636**	**-**	**3,434,210**
Carrying amount							
At 31 December, 2017	183,565	1,650,776	1,421,459	55,799	115,975	223,525	3,651,102
At 31 December, 2016	183,565	1,704,205	1,688,918	55,218	137,085	218,179	3,987,170
The Company							
Cost							
At 1 January, 2016	183,565	1,993,882	3,728,006	314,425	535,732	194,570	6,950,180
Additions	-	21,888	61,485	13,970	21,767	104,887	223,997
Disposals	-	(13,659)	(82,851)	(1,895)	(61,542)	-	(159,947)
Transfers	-	74,463	6,815	-	-	(81,278)	-
At 1 January 2017	**183,565**	**2,076,574**	**3,713,455**	**326,500**	**495,957**	**218,179**	**7,014,230**
Additions	**-**	**8,965**	**37,877**	**20,873**	**61,305**	**5,346**	**134,366**
Disposals	**-**	**-**	**(34,063)**	**(4,226)**	**(49,964)**	**-**	**(88,253)**
Reclassification		**76**	**(1,126)**	**1,050**			**-**
At 31 December, 2017	**183,565**	**2,085,615**	**3,716,143**	**344,197**	**507,298**	**223,525**	**7,060,343**
Depreciation							
At 1 January, 2016	-	315,397	1,749,665	250,995	346,699	-	2,662,756
Charge for the year		61,029	348,901	22,376	79,853	-	512,159
Disposals		(4,057)	(73,916)	(1,666)	(59,032)	-	(138,671)
At 1 January, 2017	**-**	**372,369**	**2,024,650**	**271,705**	**367,520**	**-**	**3,036,244**
Charge for the year		**62,394**	**302,456**	**19,346**	**72,047**	**-**	**456,243**
Disposals		**-**	**(31,183)**	**(3,182)**	**(45,180)**	**-**	**(79,545)**
At 31 December 2017	**-**	**434,763**	**2,295,923**	**287,869**	**394,387**	**-**	**3,412,942**
Carrying amount							
At 31 December 2017	**183,565**	**1,650,852**	**1,420,220**	**56,328**	**112,911**	**223,525**	**3,647,401**
At 31 December 2016	183,565	1,704,205	1,688,805	54,795	128,437	218,179	3,977,987

16.1 The following depreciation rates were used in the computation of depreciation charge during the year:

Class	**Useful lives**
Land and buildings	33 1/3 years
Plant, machinery and fittings	10 - 20 years
Office equipment and furniture	3 - 10 years
Trucks & Motor vehicles	3 - 8 years

16.2 Impairment of property, plant and equipment

There are no indicators of impairment at the end of the reporting period. Thus, the directors are of the opinion that allowance for impairment is not required.

16.3 Assets pledged as security

The Group has not pledged any of its items of property, plant and equipment as security for liabilities.

	The Group		**The Company**	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
16.4 Depreciation charge for the year is included in:				
Cost of sales	425,655	481,743	425,655	479,701
Administrative expenses	19,089	25,005	18,588	20,489
Distribution, sales and marketing expenses	17,158	11,969	12,000	11,969
	461,903	518,717	456,243	512,159
17 Deposits for investments				
Opening balance	245,325	245,325	245,325	245,325
Movement in the year	(15,325)	-	(15,325)	-
	230,000	245,325	230,000	245,325

17.1 Movement in the account represent expenses incurred by the company at the preliminary stage which was erroneously included as part of deposit for investment.

This represents the deposit the Company made in Biovaccines Limited, a Company incorporated as a result of the joint Venture agreement entered into with the Federal Government of Nigeria in April, 2007 to engage in the business of production, sale and distribution of human vaccines. Under the arrangement, May & Baker is to have 51% interest in the Company by injecting N520. 4million in the entity while the Federal Government of Nigeria is to have 49%. As at the reporting date, the Company has only injected the amount above representing 44% of the total investment cost due from them .At the FEC meeting of 31 May, 2017, Government approved the MOU and it is envisaged that the business will commence operations as soon as the new board is formed.

As at the reporting date, the Company does not have control over Biovaccines and the deposit is carried at cost. The Directors are of the opinion that the carrying value is not lower than the recoverable amount.

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
18 Investment in subsidiaries				
Carrying amount (at cost)	-	-	3,000	3,000

Name of subsidiary	Proportion of ownership interest and voting power held by	Place of Incorporation of operation	Principal Activity
Osworth Nigeria Limited	100%	Nigeria	Distribution and sales of healthcare and pharmaceutical products.
Tydipack Nigeria Limited	100%	Nigeria	Healthcare and industrial packaging
Servisure Nigeria Limited	100%	Nigeria	Distribution and sales of pharmaceuticals products

The Company has control over the three subsidiaries and has consolidated them in the current year. The investment is represented by one million ordinary shares of N1 each in Osworth Nigeria Limited, Tydipack Nigeria Limited and Servisure Nigeria Limited. The investment is carried at cost.

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
19 Inventories				
Raw materials	985,425	1,154,492	965,050	1,141,516
Work-in-progress	88,958	94,109	88,958	94,052
Finished goods	353,394	264,968	244,770	233,990
Spare parts	170,713	214,200	170,713	214,200
	1,598,490	1,727,769	1,469,491	1,683,758

19.1 There are no inventories pledged as security for liabilities.

19.2 The amount charged to profit of loss in respect of write down of inventory to net realisable value is Nil (2016 : nil)

		The Group		The Company	
		2017	2016	**2017**	2016
		₦'000	₦'000	**₦'000**	₦'000
20	**Trade and other receivables**				
	Trade receivables (Note 20.1)	916,706	968,227	872,575	929,447
	Less: allowance for doubtful debts	(317,845)	(261,215)	(305,909)	(249,795)
		598,861	707,012	566,666	679,652
	Other receivables				
	Staff loans	15,425	27,561	15,425	27,561
	Staff advance	14,140	18,648	13,210	15,394
	Other debtor	202,467	93,008	183,883	76,471
	Withholding tax recoverable	74,303	106,188	58,902	90,874
	Norvatis limited	492	1,240	492	1,240
		306,827	246,645	271,913	211,540
	Less: allowance for doubtful debts	(186,660)	(172,106)	(175,062)	(164,944)
	Total other receivables	120,167	74,539	96,851	46,596
	Total trade and other receivables	719,028	781,551	663,517	726,248

20.1 Trade receivables

Trade and other receivables disclosed above are carried at cost less allowance for doubtful debts.

The average credit period taken on sales of goods is between 30-45 days. No interest is charged on the overdue receivables. The Group has recognised an allowance for doubtful debts of 100% against all receivables over 360 days (except for receivables from Special Business Institutions and Public Sectors) because historical experience has been that receivables that are past due beyond 360 days may be doubtful of recovery. In most cases these debts are recovered. Allowances against doubtful debts are recognised against trade receivables outstanding for more than 360 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

Before accepting any new customer, the company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The internal credit scoring system are constantly reviewed.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty.

		The Group		The Company	
		2017	2016	**2017**	2016
		₦'000	₦'000	**₦'000**	₦'000
20.2	**Trade and other receivables (cont'd)**				
	Ageing of past due receivables:				
	0 - 30 days	207,060	126,717	195,073	126,717
	31 - 60 days	82,091	96,231	75,883	96,231
	61 - 90 days	55,112	74,126	41,112	74,126
	91 - 360 days	297,147	409,938	297,148	382,578
	Over 360 days (Note 20.2a)	317,845	261,215	305,909	249,795
	Total	959,255	968,227	915,125	929,447

20.2a Included in the aging of over 360 days is an impairment balance of about N42.5 million relating to a doubtful bank balance.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

		The Group		The Company	
		2017	2016	**2017**	2016
		₦'000	₦'000	**₦'000**	₦'000
20.3	**Movement in the allowance for doubtful debts**				
	Balance at the beginning of the period	261,215	241,097	249,795	231,166
	Impairment losses recognised	83,972	20,118	83,456	18,629
	Bad debt written off in the year	(27,342)	-	(27,342)	-
	Amounts recovered during the year	-	-	-	-
	Balance at the end of the period	317,845	261,215	305,909	249,795

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value

21	**Other assets**				
	Advance payment to suppliers	769,395	767,970	739,800	711,406
	Prepayment	109,942	95,947	100,247	94,515
		879,338	863,917	840,048	805,921
22	**Due from related parties**				
	Analysis				
	Osworth Limited	-	-	220,542	182,217
	Servisure Limited	-	-	11,696	10,719
	Biovaccine Limited	6,336	-	6,336	-
	Tydipacks Limited	-	-	2,170	1,205
		6,336	-	240,743	194,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
23 Cash and cash equivalent				
Cash in hand	91,509	53,338	91,509	53,338
Cash at bank	391,726	852,110	373,495	830,634
Short term deposits	62,722	41,243	62,722	41,243
	545,957	946,691	527,726	925,215

Restricted cash

The short term deposits above is in respect of the unclaimed dividend balance that has been invested in a demand deposit account.

Reconciliation of cash and bank balance to cash and equivalents.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdraft and commercial acceptances. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
Cash in hand and bank	545,957	946,691	527,726	925,215
Bank overdrafts and commercial papers (Note 27)	(585,660)	(569,133)	(585,660)	(569,132)
	(39,702)	377,558	(57,934)	356,083
24 Share capital				
Authorised:				
3,800,000,000 ordinary shares of 50kobo each	1,900,000	1,900,000	1,900,000	1,900,000
Issued and fully paid:				
980,000,000 ordinary shares of 50 kobo each	490,000	490,000	490,000	490,000
25 Share premium account				
At 31 December	1,626,094	1,626,094	1,626,094	1,626,094
26 Retained earings				
At 1 January	895,592	995,486	934,477	1,041,989
Profit/(loss) for the year	370,866	(41,094)	357,181	(48,712)
Prior year dividend declared	(58,800)	(58,800)	(58,800)	(58,800)
At 31 December	1,207,658	895,592	1,232,858	934,477

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
27 Borrowings				
Borrowings at amortized cost				
Overdraft and commercial papers				
Bank overdrafts	585,660	418,749	585,660	418,749
Commercial papers	-	150,384	-	150,384
	585,660	569,133	585,660	569,133
Loan				
Term loan - FCMB 2 foods vehicle lease	4,360	16,920	4,360	16,920
Term loan - FCMB machine lease	-	53,087	-	53,087
CBN intervention fund - Term loan	193,162	284,833	193,162	284,833
Term loan - Bank of indusrty 1	432,725	606,327	432,725	606,327
Term loan - Bank of industry 2	830,485	984,738	830,485	984,738
Term loan - TY holdings	416,594	456,715	416,594	456,715
	1,877,326	2,402,620	1,877,326	2,402,620
Total Borrowings	2,462,986	2,971,753	2,462,986	2,971,753
Analysis of loan balance to current and non-current portion				
Bank overdraft	585,660	418,749	585,660	418,749
Commercial papers and Bankers acceptance	-	150,384	-	150,384
Term loan - FCMB 2 foods vehicle lease	4,360	15,200	4,360	15,200
Term loan - FCMB machine lease	-	53,087	-	53,087
CBN intervention fund - Term loan	70,000	70,000	70,000	70,000
CBN intervention fund - Overdraft	612,313	333,221	612,313	333,221
Term loan - TY holdings	60,653	-	60,653	-
Current position	1,332,986	1,040,641	1,332,986	1,040,641
CBN intervention fund - Term loan	123,162	214,833	123,162	214,833
Term loan - Bank of idustry	-	1,720	-	1,720
Term loan - FCMB 2 foods vehicle lease	-	-	-	-
Term loan - FCMB machine lease	650,897	1,257,845	650,897	1,257,845
Term loan - TY holdings	355,941	456,715	355,941	456,715
Non-current portion	1,130,000	1,931,113	1,130,000	1,931,113

All the borrowings were obtained in naira, the functional currency of the Group. The principal features of the Company's borrowings are described below:

i) Bank overdraft and commercial papers

The Bank Overdrafts and Commercial Papers are secured by a negative pledge on the Company's assets and their interest rate range from 16.5% and 19%. Bank overdrafts are repayable on demand.

ii) Bank of industry facility

Bank of Industry granted the company a medium term facility of N1.25 billion on 18 June 2013 with initial drawdown on 27 December 2015. The loan facility is for 6 years period (inclusive of one year moratorium) at interest rate of 10% per annum payable monthly in arrears. The loan is repayable in 60 equal and consecutive instalments commencing from 1 January 2015.

An additional loan of N1 billion was obtained from Bank of Industry on 15 December 2016 with an interest rate of 15% per annum repayable in 36 months.

iii) FCMB facility

The facility was obtained in March 2012 and repayable in 36 equal monthly instalments

iv) TY holdings facility

The sum of N2 Billion was obtained in 2012 to refinance existing loans and working capital facilities.The facility was obtained from a related party.Interest is 11% per annum. The loan and accruing interest is to be repaid over 36months period commencing 12 months after the date of disburement of the loan.

v) CBN intervention fund

A Central Bank of Nigeria (CBN) Intervention fund to Manufacturers in the sum of N920 million was received in October 2010 at 7 percent interest per annum. The CBN facility is in two parts with N700 million repayable in 40 equal quarterly installments from January 2011 and N220 million working capital renewable half yearly. The facilities are covered by a negative pledge on the assets of the Company.

		The Group		The Company	
		2017	2016	**2017**	2016
		₦'000	₦'000	**₦'000**	₦'000
28	**Trade and other payables**	574,807	1,422,570	572,465	1,418,103
	Trade creditors				
	Other payables:				
	Accruals	20,403	18,103	20,053	17,401
	Witholding tax payable	95,974	124,590	95,809	124,590
	Dividend payable (Note 28.1)	121,886	122,680	121,886	122,680
	Due to related companies	-	25,166	-	25,166
	Other creditor balances (Note 28.2)	291,586	176,027	269,717	152,960
		529,847	466,566	507,464	442,797
		1,104,655	1,889,136	1,079,929	1,860,900

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 45 days. For most suppliers no interest is charged on the trade payables from the date of the invoice. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
28.1 Dividends				
At January	122,680	124,081	122,680	124,081
Prior year dividend declared	58,800	58,800	58,800	58,800
Paid during the year	(58,800)	(60,201)	(58,800)	(58,800)
Unclaimed dividend paid	(794)	-	(794)	(1,401)
At 31 December	121,886	122,680	121,886	122,680

The balance at the year end represents the amount that are yet to be received by shareholders.

28.2 Other credit balances represent outstanding statutory and non statutory payments, e.g CTCS, NSITF, Union dues, PAYE, Pension, Staff Insurance, VAT output for food and beverage, payroll deduction etc.

29 Employee benefit payable				
At 1 January	123,244	103,420	123,244	103,420
Charge for the year	33,265	25,481	32,443	25,481
Payment during the year	(77,591)	(5,657)	(77,591)	(5,657)
Interest cost	-	-		
At 31 December	78,918	123,244	78,096	123,244

The Employee benefit payable relates to the gratuity scheme operated for its employees. The scheme requires the Company to calculate the gratuity entitlements of the employees each year based on the salary as at 31st December of each year using the scale of entitlements applicable to the staff and pay the amount calculated to the Fund Managers. Upon payment of the calculated amount, it is discharged of all liabilities. The Group remains liable to the employees to the tune of the amounts disclosed as it has not remitted these amounts to the fund managers.

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
30 Other liabilities				
Deferred income	30,392	50,065	30,392	50,065
Customer deposits	1,506	200	300	200
	31,898	50,265	30,692	50,265

The deferred revenue represents the grant element of BOI loans, after the loans were re-measured using the effective interest rate. The government grant have been recognised as deferred revenue that will be recognised in the profit or loss on a systematic basis over the tenure of the loan with government grant embedded in it. In the current year N26,997 was realized into the income statement.

31 Related party information

31 Identify related parties

The related parties to the company include:

Osworth Nigeria Limited - An wholly owned subsidiary of the Company involved in the distribution of pharmaceutical products.

Tydipacks Nigeria Limited- An wholly owned subsidiary of the Company involved in healthcare and industrial packaging.

Servisure Nigeria Limited- An wholly owned subsidiary of the Company involved in the distribution of pharmaceutical products.

Ty Holdings Limited- A Company owned by the Chairman, Board of Directors.

Biovaccines Limited - Biovaccines Nigeria Limited is yet to commence commercial operations. Transactions on its behalf are mainly in respect of expenses incurred in maintaining its assets and personnel at its old site at Harvey Road, Yaba, Lagos. May & Baker Nigeria Plc therefore maintains an inter-company account with it for such transactions, including disbursements also made by Biovaccines Nigeria Limited on behalf of May & Baker Nigeria Plc. At the balance sheet date, the amount outstanding and due to or due from Biovaccines Nigeria Limited was N6,336 million (2016 : N25,166 million).

Key management personnel

The Key management personnels of the Group include its directors (both executive and non-executive) and other identified key management staff.

Lt - Gen T.Y Danjuma (rtd)	Non-executive Director
Mr Nnamdi N Okafor	Executive Director
Mr. I . Dankaro	Non-executive Director
Mr. A. Adeleke	Non-executive Director
Mrs. G. I. Odumodu	Non-executive Director

31 Related party transactions

Balances and transactions between the company and its subsidiaries which arerelated parties of the company, have been eliminated on consolidation and are not disclosed in this note.

Sales of goods to related parties were made at the group's usual price list. Purchases were made at the market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts due from and to related companies arose from sale and purchase of goods and services.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

There were no significant transactions with other related companies.

	The Group		**The Company**	
	Due (from)/to related parties		Due (from)/to related parties	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
Osworth Nigeria Limited	-	-	220,542	182,217
Biovaccines Nigeria Limited	-	-	6,336	(25,166)
Servisure	-	-	11,696	10,719
Tydipacks Nigeria Limited	-	-	2,170	1,205
	-	-	240,743	168,975

31 Loans to related parties

No loan was granted to any related entity or key management personnel or entities controlled by them.

32 Loans from related parties

On 9th July, 2012 the Company obtained a term loan of N2 billion from TY Holdings Limited, a Company controlled by TY Danjuma, the Chairman of the Company who currently holds 26.01% of the issued share capital of the Company. The facility was obtained at a below market interest rate of 11 % per annum and payable over a 36 months period after an initial moratorium period of 12 months.

Default clause

Where the Company defaults in the repayment of the principal and or interest 120 days after the payment of any instalment falls due, the lending shareholder may, at anytime thereafter by written notice to the Company, elect to convert some or all of the outstanding loan sum plus interest to ordinary share capital of the company (which shares shall rank pari passu with the existing ordinary shares in the capital of the Company). The conversion price shall be the prevailing price that the Borrower's shares traded in the Nigerian Stock Exchange at the date the loan was first disbursed.

32 Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	The Group		The Company	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
Directors remuneration				
Directors fees	2,650	3,410	2,650	3,410
Salaries and allowances	74,825	72,136	74,825	72,136
	77,475	75,546	77,475	75,546

32 Reconciliation of net (loss)/profit to net cash provided by operating activities

Profit/(Loss) after taxation	370,866	(41,094)	357,181	(48,712)
Investment income	(52,016)	(23,511)	(52,016)	(23,511)
Finance cost	635,071	519,309	634,147	518,314
Income tax expense	234,756	387,033	229,027	386,382
Operating profit	1,188,678	841,737	1,168,339	832,473
Adjustment to reconcile non cash item:				
Depreciation of property, plant and equipment	461,904	518,717	456,243	512,159
Prior year dividend declared	(58,800)	(58,800)	(58,800)	(58,800)
Profit on disposal of assets	(4,001)	(56,855)	(3,651)	(56,855)
Provision for gratuity	33,265	25,481	32,443	25,481
Operating profit before working capital changes	1,621,046	1,270,281	1,594,575	1,254,459
Change in asset and liabilities:				
Decrease/(increase) in inventories	129,279	(144,513)	214,265	(144,376)
(Increase)/decrease in trade and other receivables	47,103	154,263	28,604	155,810
Decrease in intagible assets	33,648	-	33,648	-
Decrease in investment	15,325	-	15,325	-
Increase in due from related parties	(6,336)	(66,394)	(46,603)	(13,376)
(Decrease)/increase in trade and other payables	(743,254)	363,461	(740,949)	341,580
Changes in working capital	(524,235)	306,817	(495,709)	339,638

33 Financial Instruments

33.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of its capital structure.

The capital structure of the Group is made up of debts (bank overdrafts, commercial papers and term loans) and equity comprising issued capital, retained earnings and share premium.
The Group is not subject to any externally imposed capital requirements.

The Group's risk management team reviews the capital structure periodically. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The risk management team monitors the gearing ratio to ensure its within the Group's targeted level. The current gearing ratio of the Group and Company is as below:

	2017	2016
	₦'000	₦'000
Gearing ratio		
The gearing ratio is as follows:		
Net debt		
Debt	2,462,986	2,971,753
Cash and cash equivalents	(545,957)	(946,691)
Net debt	1,917,029	2,025,062
Equity		
Ordinary shares	490,000	490,000
Share premium	1,626,094	1,626,094
Retained earnings	1,232,858	895,592
	3,348,952	3,011,686
Net debt to equity ratio	0.57	0.67

Debt is defined as current and non-current borrowings (as described in note 28).
Equity includes all capital and reserves of the Group that are managed as capital.

33.2 Categories of financial instruments

The groups financial assets and financial liabilities as at the reporting date is tabulated below:

Group

	Loans and receivables ₦'000	Non financial assets ₦'000	2017 Total ₦'000
Asset			
Intangible assets	-	33,648	33,648
Property, plant and equipment	-	3,651,102	3,651,102
Deposit for investments	230,000	-	230,000
Inventories	-	1,598,490	1,598,490
Trade and other receivables	1,598,365	-	1,598,365
Cash and bank balances	545,957	-	545,957
Other assets	-	6,336	6,336
	2,374,323	5,289,575	7,663,898

	Amortised costs ₦'000	Non-financial liabilities ₦'000	2017 Total ₦'000
Liabilities			
Borrowings	2,462,986	-	2,462,986
Deferred tax liabilities	-	596,799	596,799
Other liabilities	-	31,898	31,898
Trade and other payables	1,104,655	-	1,104,655
Current tax liabilities	-	64,889	64,889
	3,567,641	693,586	4,261,227

The Group's financial assets and financial liabilities at the reporting date is tabulated below:

	Loans and receivables ₦'000	Non financial assets ₦'000	2016 Total ₦'000
Asset			
Intangible assets	-	67,296	67,296
Property, plant and equipment	-	3,987,172	3,987,172
Deposit for investments	245,325	-	245,325
Inventories	-	1,727,769	1,727,769
Trade and other receivables	1,492,957	-	1,492,957
Cash and bank balances	946,691	-	946,691
Other assets	-	152,511	152,511
	2,684,973	5,934,748	8,619,721

	Amortised costs ₦'000	Non-financial ₦'000	2016 Total ₦'000
Liabilities			
Borrowings	2,971,753	-	2,971,753
Deferred tax liabilities	-	17,515	17,515
Other liabilities	-	50,265	50,265
Trade and other payables	1,889,136	-	1,889,136
Current tax liabilities	-	156,121	156,121
	4,860,889	223,901	5,084,790

The company's financial assets and financial liabilities as at the reporting date is tabulated below:

The Company

	Loans and receivables ₦'000	Non financial assets ₦'000	2017 Total ₦'000
Asset			
Intangible assets	-	33,648	33,648
Property, plant and equipment	-	3,647,401	3,647,401
Deposit for investments	230,000	-	230,000
Inventories	-	1,469,491	1,469,491
Trade and other receivables	1,503,565	-	1,503,565
Cash and bank balances	527,726	-	527,726
Other assets	-	240,743	240,743
	2,261,291	5,391,283	7,652,574

	Amortised costs ₦'000	Non-financial ₦'000	2017 Total ₦'000
Liabilities			
Borrowings	2,462,986	-	2,462,986
Deferred tax liabilities	-	595,561	595,561
Other liabilities	-	30,692	30,692
Trade and other payables	1,079,929	-	1,079,929
Current tax liabilities	-	59,357	59,357
	3,542,915	685,610	4,228,525

The Company

	Loans and receivables ₦'000	Non financial assets ₦'000	2016 Total ₦'000
Asset			
Intangible assets	-	67,296	67,296
Property, plant and equipment	-	3,977,987	3,977,987
Deposit for investments	245,325	-	245,325
Investment in subsidiaries	-	1,683,758	1,683,758
Inventories	1,437,654	-	1,437,654
Trade and other receivables	925,215	-	925,215
Cash and bank balances	-	94,515	94,515
Other assets	-	81,138	81,138
	2,608,194	5,904,694	8,512,888

	Amortised costs ₦'000	Non-financial liabilities ₦'000	2016 Total ₦'000
Liabilities			
Borrowings	2,971,752	-	2,971,752
Deferred tax liabilities	-	416,450	416,450
Other liabilities	-	50,265	50,265
Trade and other payables	1,860,899	-	1,860,899
Current tax liabilities	-	155,708	155,708
	4,832,651	622,423	5,455,074

33.3 Financial risk management objectives

The company's Corporate Treasury function provides services to the business, co-ordinates foreign exchage transactions, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Company's exposure to variations in foreign exchange rate and interest rates are minimal and the Company is not expected to be exposed to these risks at a higher than minimal level.

33.4 Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates is minimal as the Group's borrowing activities are in local currency and trade customers are billed in Naira. Exposure to foreign exchange risk only relates to purchase of operating materials (e.g. raw materials and specialised products) abroad, this is minimised by restricting imports to circumstance where no local alternative exist. The Group makes use of letter of credit facilities to transact with foreign suppliers.

	2017	2016
	₦'000	₦'000
Exposure to foreign currency		
Bank account		
in US Dollars	304	304
in Euros	324	324
in GBP	(924)	(924)
	(296)	(296)

The Group is not materially exposed to foreign currency changes as most of trading transactions and borrowing activities are denominated in Naira

33.5 Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

	The Group		**The Company**	
	2017	2016	**2017**	2016
	₦'000	₦'000	**₦'000**	₦'000
Exposure to credit risk				
Trade receivables	916,706	1,679,633	872,575	1,640,853
Other receivables	306,827	246,645	271,913	211,539
Bank balances	545,957	946,691	527,726	925,539
	1,769,490	2,872,969	1,672,214	2,777,931

33.5.1 Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. A sales representative is attached to each customer and outstanding customer receivables are regularly monitored by the representative. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers, additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Collateral and other credit enhancements

The Group does not hold any collateral or other credit enhancements from customers. On a case by case basis the group creates a legal right of offset against any amount owed by the group to the counter party.

Concentration risk

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

There are no customers during the current reporting period that represents more than 5% of the total trade receivables.

33.5.2 Other receivables

This is mainly from due from related companies. The Group's financial controller continously monitors and reviews the receivables.

33.5.3 Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Surplus funds are spread amongst reputable commercial banks and funds must be within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's financial controller periodically and may be updated throughout the year subject to approval of the Group's Chief Exceutive Officer. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

33.6 Liquidity risk management

The Group monitors its risk to a shortage of funds by maintaining a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. It also ensures that short term funds are used strictly for working capital purposes while capital projects are funded from long tenored borrowings. Access to sources of funding is sufficiently available.

Maturity analysis of financial instruments
The maturity profile of the Group's recognized financial instruments is detailed below:

Group

	0-6 months ₦'000	6 months to 1 year ₦'000	1 year and above ₦'000	Total ₦'000
2017				
Fiancial assets				
Trade receivables	312,068	297,148	305,909	915,125
Other receivables	306,827	-	-	306,827
Cash and bank balances	545,957	-	-	545,957
	1,164,852	297,148	305,909	1,767,909
Financial liabilities				
Trade payables	574,807	-	-	574,807
Other payables	529,847	-	-	529,847
Term loans	-	1,332,986	1,130,000	2,462,986
Bank overdrafts and commercial papers	-	585,660	-	585,660
	1,104,655	1,918,646	1,130,000	4,153,300
2016				
Financial assets				
Trade receivables	297,074	382,578	249,795	929,447
Other receivables	211,539	-	-	211,539
Cash and bank balances	925,216	-	-	925,216
	1,433,829	382,578	249,795	2,066,202
Financial liablities				
Trade payables	720,877	-	-	720,877
Other payables	441,396	-	-	441,396
Term loans	-	1,072,817	1,931,113	3,003,930
Bank overdrafts and commercial papers	150,384	450,925	-	601,309
	1,312,657	1,523,742	1,931,113	4,767,512

Maturity analysis of financial instruments
The maturity profile of the Group's recognized financial instruments is detailed below:

Company

	0-6 months	6 months to 1 year	1 year and above	Total
	₦'000	₦'000	₦'000	₦'000
2017				
Fiancial assets				
Trade receivables	312,068	297,148	305,909	915,125
Other receivables	271,913	-	-	271,913
Cash and bank balances	527,726	-	-	527,726
	1,111,707	297,148	305,909	1,714,764
Financial liabilities				
Trade payables	572,465	-	-	572,465
Other payables	507,464	-	-	507,464
Term loans	-	1,332,986	1,130,000	2,462,986
Bank overdrafts and commercial papers	-	585,660	-	585,660
	1,079,929	1,918,645	1,130,000	4,128,575
2016				
Financial assets				
Trade receivables	297,074	382,578	249,795	929,447
Other receivables	211,540	-	-	211,540
Cash and bank balances	925,215	-	-	925,215
	1,433,829	382,578	249,795	2,066,202
Financial liablities				
Trade payables	720,877	-	-	720,877
Other payables	441,395	-	-	441,395
Term loans	-	1,072,817	1,931,113	3,003,930
Bank overdrafts and commercial papers	150,384	450,925	-	601,309
	1,312,656	1,523,742	1,931,113	4,767,511

34 Guarantees and other financial commitments

Charges on asset
The bank loans and overdrafts are sevured by a negative pledge on the company's assets.

Capital expenditure
Capital expenditure authorised by the Directors but not contracted was nil (Dec 2015 : nil).
The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of the financial statement.

35 Contingent liabilities

There were no contingent liabilities resulting from litigations at 31 December 2017 (December 2016 - Nil).

36 Events after the reporting date

The Directors are of the opinion that there were no significant events after the balance sheet date which would have had any material effect on the accounts which have not been adequately provided for or disclosed in the financial statement.

37 Major suppliers

The Company's suppliers are both local and foreign. Some of the Companies major suppliers include:

Local

Drugs' & Healthcare Limited
National Salt Company
Dangote Flour Mills Plc
Primal Nigeria Limited
Chellarams
Flour Mills of Nigeria Plc
Presco Plc

Foreign

IPCA Laboratories Limited (india)
Aurobindo Pharm. Limited (india)
Surya Engineers (india)
Caffy Sanders International Limited (UK)
Belco Pharma(india)

The company is not related to any of its suppliers.

Other National Disclosures

MAY AND BAKER NIGERIA PLC

CONSOLIDATED STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2017

	The Group				The Company			
	2017		2016		2017		2016	
	₦'000	%	₦'000	%	₦'000	%	₦'000	%
Revenue	9,352,636		8,469,359		9,140,023		8,304,215	
Other income	36,053		46,891		36,053		46,891	
Investment income	52,016		23,511		52,016		23,511	
Other gains and losses	(47,295)		20,870		(50,206)		23,489	
	9,393,409		8,560,631		9,177,885		8,398,106	
Bought-in-materials and services:								
- Imported	(2,036,605)		(896,183)		(1,941,842)		(908,571)	
- Local	(5,654,207)		(5,659,688)		(5,559,444)		(5,512,985)	
Value added	1,702,597	100	2,004,760	100	1,676,599	100	1,976,550	100
Applied as follows:								
To employees:								
Salaries, wages and other benefits	-	-	620,795	31	-	-	608,407	31
To Government:								
Income tax	55,472	3	180,150	9	49,917	3	179,499	9
To pay providers of capital:								
Finance charges	635,071	37	519,309	26	634,147	38	518,314	26
To provide for maintenance of fixed assets:								
- Depreciation and amortization	461,904	27	518,717	26	456,243	27	512,159	26
- Deferred taxation	179,284	11	206,883	10	179,111	11	206,883	10
- Profit and loss account	370,866	22	(41,094)	(2)	357,181	21	(48,712)	(2)
Value added	1,702,597	100	2,004,760	100	1,676,599	100	1,976,550	100

Value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth to employees, government, providers of finance and shareholders, and that retained for future creation of more wealth.

MAY AND BAKER NIGERIA PLC

FIVE YEAR FINANCIAL SUMMARY - GROUP

31 DECEMBER	2017	2016	2015	2014	2013
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS / LIABILITIES					
Intangible assets	**33,648**	67,296	67,296	67,296	67,296
Property, plant and equipment	**3,651,102**	3,987,172	4,300,147	4,279,019	4,482,882
Deposit for investment	**230,000**	245,325	245,325	245,325	245,325
Net current assets	**1,214,719**	1,183,765	114,360	354,706	123,901
Non current liabilities	**(1,805,717)**	(2,471,872)	(1,615,548)	(1,853,800)	(1,890,197)
NET ASSETS	**3,323,752**	3,011,686	3,111,580	3,092,546	3,029,207
CAPITAL AND RESERVES					
Share capital	**490,000**	490,000	490,000	490,000	490,000
Share premium	**1,626,094**	1,626,094	1,626,094	1,626,094	1,626,094
Retained earnings	**1,207,658**	895,592	995,486	976,453	913,113
	3,323,752	3,011,686	3,111,580	3,092,547	3,029,207
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Turnover	**9,352,636**	8,469,359	7,568,466	7,018,992	6,367,605
Profit before taxation	**605,622**	345,939	142,397	101,173	(11,370)
Taxation	**(234,756)**	(387,033)	(74,364)	(37,833)	(91,719)
Profit/(loss) after taxation	**370,866**	(41,094)	68,033	63,340	(103,089)
Per share data (kobo)					
Earnings/(loss) - basic	**37.84**	(0.04)	0.07	0.06	(0.11)
Net assets	**339.16**	3.70	3.18	3.16	3.09

Notes:

Earnings/(loss) per share are based on the profit/(loss) after taxation and the number of issued and fully paid ordinary shares at the end of each financial year.

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

MAY AND BAKER NIGERIA PLC

FIVE YEAR FINANCIAL SUMMARY - COMPANY

31 DECEMBER	2017	2016	2015	2014	2013
	₦'000	N'000	N'000	N'000	N'000
ASSETS / LIABILITIES					
Intangible assets	**33,648**	67,296	67,296	67,296	67,296
Property, plant and equipment	**3,647,401**	3,977,987	4,287,425	4,270,652	4,466,454
Deposit for investment	**230,000**	245,325	245,325	245,325	245,325
Investment in subsidiary	**3,000**	3,000	3,000	3,000	3,000
Net current assets	**1,238,560**	1,227,770	169,520	419,013	167,003
Non current liabilities	**(1,803,657)**	(2,470,807)	(1,614,483)	(1,852,735)	(1,889,692)
NET ASSETS	**3,348,952**	3,050,571	3,158,083	3,152,551	3,059,386
CAPITAL AND RESERVES					
Share capital	**490,000**	490,000	490,000	490,000	490,000
Share premium	**1,626,094**	1,626,094	1,626,094	1,626,094	1,626,094
Retained earnings	**1,232,858**	934,477	1,041,989	1,036,457	943,292
	3,348,952	3,050,571	3,158,083	3,152,551	3,059,386
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Turnover	**9,140,023**	8,304,215	7,415,203	6,899,496	6,253,986
Profit before taxation	**586,208**	337,670	127,325	127,931	13,037
Taxation	**(229,027)**	(386,382)	(72,793)	(34,766)	(91,153)
(Loss)/profit after taxation	**357,181**	(48,712)	54,532	93,165	(78,116)
Per share data (kobo)					
(Loss)/earnings - basic	**36.45**	(0.05)	0.06	0.10	(0.08)
Net assets	**341.73**	3.11	3.22	3.22	3.12

Notes:

Earnings/(loss) per share are based on the profit/(loss) after taxation and the number of issued and fully paid ordinary shares at the end of each financial year.

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