MAY AND BAKER NIGERIA PLC

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2018

MAY AND BAKER PLC

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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MAY AND BAKER PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 judgements 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 years ahead.

Signed on behalf of the Board of Directors by:

LT. GEN. T.Y. Danjuma (Rtd) GCON
Chairman
FRC/2013/IODN/00000003130

Dated: 21 March 2019

Nnamdi Okafor
Managing Director
FRC/2013/PSNIG/000002118

Dated: 21 March 2019

LAGOS NIGERIA

21st March, 2019

MAY AND BAKER NIGERIA PLC

CORPORATE INFORMATION

BOARD OF DIRECTORS:	Lt. Gen. T.Y. Danjuma (Rtd.) GCON	-	Chairman
	Mr. N.N. Okafor	-	Managing Director
	Mr. A.A. Adeleke	-	Non-Executive
	Mr. I. Dankaro	-	Non-Executive
	Mrs. G.I. Odumodu	-	Non-Executive
	Dr. E. Abebe	-	Non-Executive
	Chief S.M. Maduka (MON) (Appt 21-3-19)	-	Non-Executive
	Mr. C.S. Chukuka	-	Executive
	Mr. V.C. Okelu	-	Executive
	Mr. A.S. Aboderin	-	Executive

SECRETARIES: Marina Nominees Limited
233 Ikorodu Road,
Ilupeju, Lagos.

REGISTRATION NO.: 558

REGISTERED OFFICE: 3/5 Sapara Street, Ikeja.

REGISTRAR: Veritas Registrars Limited
Plot 89A Ajose Adeogun Str,
Victoria Island Extension, Lagos.

AUDITORS: PKF Professional Services
205A Ikorodu Road,
Obanikoro, Lagos.

SOLICITORS: Nnenna Ejekam Associates

BANKERS: Bank of Industry
First City Monument Bank Plc
Fidelity Bank Plc
First Bank of Nigeria Plc
Guaranty Trust Bank Plc
Standard Chartered Bank Limited
Zenith Bank Plc

MAY & BAKER NIGERIA PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31st DECEMBER, 2018

1. ***ACCOUNTS***

   The Directors submit their report together with the audited financial statements of the Company for the year ended 31st December, 2018.

2. ***RESULT***

	2018
	₦'000
The group profit for the year after taxation was	342,686
	=====

3. ***LEGAL STATUS***

   The Company commenced operations in Nigeria in 1944 after it was incorporated as a private limited liability company and was converted to a public company in 1979. The Company was listed on The Nigerian Stock Exchange on 10th November, 1994.

4. ***PRINCIPAL ACTIVITIES***

   The Company manufactures and distributes pharmaceutical products, diagnostic equipment, reagents, consumer products and human vaccines. The Company also engages as contracts manufacture for other companies and organisations. In the course of the year the Company signed a Joint Venture Agreement for the production of a nutritional supplement with FIIRO through the Ministry of Health. The Company has three subsidiaries, Osworth Nigeria Limited, Tydipacks Nigeria Limited and Servisure Nigeria Limited and has the majority shareholding in Biovaccines Nigeria Limited, a collaboration with the Federal Government on production and sale of vaccines. The principal activities of the subsidiaries and the related company are as follows:-

Subsidiary	Principal Activities	Date of Incorporation	Percentage Holding
Tydipacks Nigeria Limited	Healthcare and Industrial Packaging	14th Dec, 2009	100%
Osworth Nigeria Limited	Distribution and sales of personal care and pharmaceutical products	1st Sept, 2008	100%
Servisure Nigeria Limited	Distribution and sales of pharmaceutical products	17th Dec, 2009	100%

The financial results of all the subsidiaries have been consolidated in these financial statements while that of investment in the Joint Venture with the Fed. Govt. of Nigeria – Biovaccines Nig. Ltd. was consolidated using the equity method on line with IFRS.

Related Company

Biovaccines Nigeria Limited	Production and sales of vaccines	1st Sept. 2005	51%

Report of the Directors (Contd.)

5. ***REVIEW OF BUSINESS DEVELOPMENT***

The Company has reviewed its corporate strategy towards ensuring that it is better positioned to take a leadership position in the regional healthcare space in the coming years. A new mission statement of becoming the leading healthcare Company in sub-sahara Africa evolved from that exercise

6. ***DIVIDEND***

The Directors have recommended a dividend of 20kobo per share amounting to ₦345,046,977 million for the year.

7. ***UNCLAIMED SHARE CERTIFICATES* OR DIVIDENDS**

Shareholders who have either unclaimed share certificates or dividends should contact the Registrars, Veritas Registrars Limited.

8. ***DIRECTORS AND DIRECTORS' INTERESTS***

The names of the Directors of the Company are listed on page ----------

1. Chief Samuel Maduka Onyishi (MON) the Director appointed since the last Annual General Meeting retires at this meeting and being eligible, offers himself for election.
2. Biological Information on newly appointed Director, Chief Samuel Maduka Onyishi (MON):
   - Age – 56 years.
   - MBA in Entrepreneurship
   - Diploma and B. Sc. In Social Work and Community Development from University of Nsukka – 1995 and 1999
   - Fellow, Nigerian Institute of Science and Technology, Federal Polytechnic, Unwana Afikpo, Prestigious Key man Award for Business Excellence and Integrity.
   - Chairman, Peace Mass Transit Limited
   - Philanthropist, social entrepreneur and business mentor

3. In accordance with the Company's Articles of Association and section 249(2) of Companies and Allied Matters Act, CAP C20 LFN 2004, Mr. V.C. Okelu, Mr. C. Chukuka and Mr. A.S. Aboderin retire by rotation and being eligible, offer themselves for re-election.
2. In compliance with Section 258(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, the record of Directors' attendance at Board meetings is exhibited for inspection at this meeting.
3. Interests of the Directors in the shares of the Company are:

	21st March 2019 Number	31st December 2018 Number	31st December 2017 Number
Lt-Gen T.Y. Danjuma (rtd) ***(INDIRECT)***	746,841,302	254,841,302	254,841,302
N.N. Okafor	14,511,330	7,255,665	7,255,665
Dr. E. Abebe	NIL	NIL	NIL
Mr. A.A. Adeleke	5,348	5,348	5,348
Mr. I. Dankaro ***(INDIRECT)***	61,632,695	57,632,695	57,632,695
Mrs. G.I. Odumodu ***(INDIRECT)***	54,134,958	54,134,958	54,134,958
Chief S.M. Onyishi (MON) ***(DIRECT & INDIRECT)***	205,469,400	4,892,302	
Mr. V.C. Okelu	1,591,862	745,931	695,931
Mr. C.S. Chukuka	1,007,168	503,584	NIL
Mr. A.S. Aboderin	93,500	NIL	NIL

Report of the Directors (Contd.)

None of the Directors has notified the Company for the purposes of section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts in which the Company was involved as at 31st December, 2018.

9. **SHARE CAPITAL AND SHARE HOLDING**

1. The Company did not purchase its own shares during the year.
2. the Authorised share capital of the Company is ₦3,000,000,000 divided into 6,000,000,000 ordinary shares of 50 kobo each.
3. The issued and paid up share capital of the Company currently is ₦862,617,443 divided into 1,725,234,886 ordinary shares of 50 kobo each.

10. **SUBSTANTIAL INTEREST IN SHARES**

List of shareholding of 5% and above (Section 95 of CAMA)

Director	Representing	21 March, 2019		2018		2017	
		No of Units	%	No of Units	%	No of Units	%
Lt. Gen. T.Y. Danjuma (Rtd)	>T.Y. Holdings Ltd. >Oil Tech Nig. Ltd. >Osis Yuvic Ltd.	720,878,543 14,874,759 11,088,000	41.78 0.86 0.64	246,187,049 4,958,253 3,696,000	25.12 0.50 0.38	238,828.129 12,127,123 3,696,000	24.38 1.25 0.38
Chief S.M. Onyishi (MON)	>Onyishi M.S. >Peace Cap. Market Ltd.	202,627,150 2,842,250	11.74 0.16	2,627,150 2,265,152	0.27 0.23	5,627,150 965,126	0.57 0.10
Mrs.G.I. Odumodu	>G.I.Odumodu >Seravac Nig.Ltd.	3,627,198 54,124,958	0.21 3.14	3,627,198 54,124,958	0.37 5.52	3,627,198 54,124,958	0.37 5.52
David Dankaro	>David Dankaro >Maydav Multi Resources Ltd.	16,558,831 45,073,864	0.96 2.61	56,023,695 1,609,000	5.72 0.16	56,023,695 1,609,000	5.72 0.16

No individual shareholder other than as stated above held more than 5% of the issued share capital of the Company as at 31st December, 2018.

11. **FREE FLOAT**

The Free Float analysis of the issued and paid-up share capital of the Company as at 31st December, 2018 and 21st March, 2019 when the Financial Statements were approved, were as follows:

	No. of Ordinary Shares held **as at 21st March, 2019**	% holding **as at 21st March, 2019**	No. of Ordinary Shares held **as at 31st Dec., 2018**	% holdings **as at 31st Dec., 2018**
Strategic Shareholding	866,226,153	50.21	365,863,024	37.33
Directors' direct shareholding	17,209.208	1.00	8,510,528	0.87
Staff Schemes	NIL	NIL	NIL	NIL
Free Float	841,799,525	48.79	605,626,448	61.80
TOTAL	**1,725,234,886**	**100.00**	**980,000,000**	**100.00**

Report of the Directors (Contd.)

SHARE RANGE ANALYSIS AS AT 31ST DECEBER, 2018

Share Range	No. of Shareholders	% of Shareholders	No. of Units held	% of Shareholding
1 – 1000	3,998	8.96	1,897,762	0.11
1001 – 10,000	33,985	76.19	101,266,299	5.87
10,001 – 50,000	5,081	11.39	101,884,558	5.91
50,001 – 100,000	698	1.56	49,811,729	2.89
100,001 – 500,000	685	1.54	137,134,846	7.95
500,001 – 1,000,000	79	0.18	57,246,501	3.32
1,000,001 – 5,000,000	68	0.15	121,320,962	7.03
5,000,001 – 10,000,000	1	0.00	6,465,612	0.37
10,000,001 – 50,000,000	9	0.02	170,565,874	9.89
50,000,001 – 100,000,000	1	0.00	54,134,958	3.14
100,000,001 – 1,000,000,000	2	0.00	923,505,693	53.53

13. ***FIXED ASSETS***

Movements in fixed assets during the year are shown in Note --- on page ---. In the opinion of the directors, the market values of the Company's properties are not less than the values shown in the accounts.

14. ***DONATIONS AND CSR INITIATIVES***

The Company was alive to its Corporate Social Responsibility during the year. Donations to charitable organizations during the year amounted to ₦4,687,775 (2017 - ₦5,943,733.15).

The details are:

	₦
May & Baker Pharmacy Awards	750,195
May & Baker Professional Service Award	560,000
Ikoyi Club Charity sponsorship	1,000,000
University of Ibadaan research	500,000
Unilag endowment fund	100,000
Others	1,777,580
	4,687,775

In accordance with section 38(2) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

15. ***RESEARCH AND DEVELOPMENT***

In order to maintain and enhance its skills and abilities, the Company's policy of continuously researching into new products and services was maintained. The Company incurred ₦1,708,136.31 (2017 – ₦7,583,642.39) on various research projects during the year.

16. ***TECHNICAL SERVICES AND KNOW-HOW AGREEMENT***

The Company did not enter any Technical Services Agreement with any organization which is registerable with the National Office for Technology Acquisition and Promotion (NOTAP). Agreement with government agencies was signed.

17. ***COMPANY'S DISTRIBUTORS***

The Company's major distributors are:

SKYLARK PHARM & CHEM CO. LTD, ABUJA
SOOD & JINS CO LTD, LAGOS
TANIMOLA PHARMACY, IBADAN
FIOLU PHARMACY
DARUCHI PHARMACY, LAGOS
OGBUAGU PHARMACY, ONITSHA

18. ***SUPPLIERS***

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

Local	Foreign
Ro-Marong Nig. Ltd	IPCA Laboratories Limited (India)
Bromley Packaging Ltd	Aurobindo Pharm Limited (India)
Bentos Pharmaceutical Products Ltd.	Surya Engineers (India)
Providence Associated Ind. Ltd	Caffrey Saunders Int. Limited (UK)
Wahum Packaging Ltd	Belco Pharma (India)
H.K. Printing & Packaging Ltd	
Sankil Pharmaceutical Co. Ltd.	
Dangote Sugar Refinery	
Royal Salt Ltd	

The Company is not related to any of its suppliers.

19. ***EMPLOYMENT AND EMPLOYEES***

.1 ***Employment of disabled persons***

It is the policy of the Company that there is no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. As at 31st December, 2018 there was no disabled person in the employment of the Company.

.2 ***Health, safety at work and welfare of employees***

Health and safety regulation are in force within the premises of the Company. The Company provides subsidy in transportation, housing, meal and medical expenses to all employees.

.3 ***Employee involvement and training***

The Company is committed to keeping employees fully informed regarding its performance and progress and seeking their views wherever practicable on matters which particularly affect them as employees.

Management, professional and technical expertise are the Company's major assets and investment to develop such skills, continues.

The Company's expanding skills base has been extended by the provision of training which has broadened opportunities for career development within the organization.

Incentive schemes designed to drive the achievement of targets are implemented for Sales and Production teams wherever appropriate.

Report of the Directors (Contd.)

20. ***AUDIT COMMITTEE***

The members of the statutory Audit Committee appointed at the Annual General Meeting held on 31st May, 2018 in accordance with Section 359(3) of CAMA were:-

	Designation
Sir G.O. Adewumi	Chairman
Miss Christie Vincent	Member
Mr. B.O. Adeleke	Member
Mr. I. Dankaro	Director/Member
Mrs. G.I. Odumodu	Director/Member
Mr. V.C. Okelu	Director/Member

21. ***COMPLIANCE WITH REGULATORY REQUIREMENTS***

The Directors confirm to the best of their knowledge that the Company had substantially complied with the provision of the Code of Corporate Governance and other regulatory requirements.

The Directors further confirm that the Company had adopted the IFRS and had complied with the provisions thereof.

22. ***EFFECTIVENESS OF INTERNAL CONTROL SYSTEM***

As the Company operates in a dynamic environment, it continuously monitors its internal controls system to ensure its continued effectiveness. In doing this, the Company employs both high level and preventive controls which will ensure maximum opportunity for prevention of misleading or inaccurate financial statement, properly safeguard its assets and ensure achievement of its corporate goals while complying with relevant laws and regulations.

23. ***POST BALANCE SHEET EVENTS***

There were no post balance sheet events that would have had an effect on these financial statements.

24. ***HUMAN CAPITAL MANAGEMENT***

Employee relations were stable and cordial in the year under review.

25. ***DISPOSAL OF THE FOODS BUSINESS***

The sale of the Company's foods business was concluded during the 2018 financial year.

26. ***AUDITORS***

The Auditors Messrs. PKF Professional Services have indicated their willingness to continue in office as the Company's Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act CAP C20 LFN 2004. A resolution will be proposed authorizing the Directors to fix their remuneration.

BY ORDER OF THE BOARD
ADETOUN ABIRU
FRC/2013/ICSAN/00000003280
for: MARINA NOMINEES LIMITED
Secretaries

REPORT ON RISK MANAGEMENT

In the course of its business activities, May & Baker Nigeria Plc creates opportunities and takes risks, both of which are thoroughly weighed and considered. Business success depends on the principle that the risks taken are managed and that they are outweighed by the benefits.

For timely identification, evaluation and responsible handling of risks, effective detection management, control and audit systems must be in place, which together form May & Baker's Integrated Risk Management System. This system has been set to identify issues which could have a significant negative impact on our business. Further, it establishes a framework to evaluate and counteract such risks through various control and monitoring mechanisms.

The risks identified within our specific business are market risk, operational risk, legal risk, environmental and reputational risk, for which clear structures in terms of areas of responsibility and management are applied.

Market Risk

The business of our Company is dependent on the general economic situation and developments in Nigeria, which is an emerging market and also affected by both the macro-economic and global economic situations. Furthermore, we are exposed to political and social risk in the region.

Moreover, growing competition in the pharmaceutical sector, along with the developing legal framework of industry specific legislation, ordinances and regulations are risks that must be addressed with special focus.

In order to mitigate these risks we have put in place a strategy that identifies opportunities which are passed through the Company's risk assessment and approval system.

Operational Risk

Efficiency, in terms of materials and machinery, logistics and human resources, as well as environmental factors, must be identified and assessed. Production controlling means that productions are continuously subjected to a thorough commercial and efficiency evaluation. Technical aspects are analysed separately by experts in each respective area.

Legal & Compliance Risks

Legal and compliance risks relates to risks arising from the Government statutory or regulatory environmental action legal proceedings and compliance with quality and integrity policies and procedures including those relating to financial reporting, environmental health and safety. The Company has established an Enterprise Risk Management System to ensure that all risks are identified, assessed and mitigated regarding the impact on the business.

Strategy & Risk Management

Strategic risk relates to the future business plans and strategies, including the risks associated with the global macro-environment in which entities operate; mergers and acquisitions and restructuring activities; intellectual property; and other risks, including demand for products and services, competitive threats, technology and product innovation, and public policy.

The Company has a Risk Management Committee that is responsible for assisting the Board to determine the risk appetite, profile and risk management framework.

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 2018**, 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 2018**, 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 2018**. 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 assets value. They are stated in the financials at their invoiced values less allowance for estimated irrecoverable amounts as disclosed in Note 19. The Company has a policy of providing for debts with aging based on management approved matrix.	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 19 of the consolidated financial statements.

Key audit matters	How the matter was addressed in the audit
c) Valuation of Investment in Joint Venture Valuation of the company (Biovaccines Nigeria Ltd-a Joint Venure) as based on joint agreement signed on 25th of July, 2017 between the Federal Ministry of Health for and on behalf of the Federal Government of Nigeria and May and Baker Nigeria Plc.,on Vaccines production. The carrying amount of the investment in the consolidated financial statements of May and Baker was N1,272,131,735 net of share of current year loss of N54,754,000 from the joint venture. This amount represent cost of acquisition of 51% shareholding in Biovaccine Nigeria Limited. The revaluation adjustment recorded for the year in respect of investment in Joint Venture was N80,000,000 for the Company while for the Joint Ventures was N1,228,909,000. Significant judgement is required by the Valuers in determining the fair value of Biovaccines Nigeria Limited to be N2,601,736,735 (May & Baker N1,326,885,755, 51% and Federal Government of Nigeria N1,274,851,000, 49%) and for the purposes of our audit, we identified the valuation of Biovaccines Nigeria Limited as representing a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated with determining the fair value. The most significant impact on these valuations are disclosed in Note 17.2, as investment in Joint Ventures using equity method.	We tailored our audit as stated below: • We assessed the objectivity of the Directors, the competence and capabilities of independent valuers, and verified their qualifications. In addition, we discussed the scope of their work with management and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with IFRS and • We performed a sensitivity analysis on the significant assumptions to evaluate the extent of impact on the fair values and assessed the appropriateness of the Group's disclosures relating to these sensitivities • Furthermore, we tested a selection of data inputs underpinning the properties valuation, including schedules, capital expenditure details, acquisition cost schedules and square meter details, against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof. • In addition, we assessed the adequacy of the disclosures pertaining to the investment in Joint Ventures in the consolidated and separate 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.

PKF

Accountants &
business advisers

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.

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: 21 March 2019

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ACCURACY & INTEGRITY
3G/ICAN
0950297

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 have reviewed and considered the consolidated Group Financial Statements for the year ended 31st December, 2018 and the reports thereon and confirm that the accounting and the 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 31st December, 2018 were adequate and we have reviewed the external auditors' findings on management matters and are satisfied with the departmental responses thereon. The system of accounting and internal controls for the Group are adequate. We have made the recommendation required to be made in respect of the External Auditors.

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

Dated 19th March, 2019

Members of the Statutory 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

MAY AND BAKER NIGERIA PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
	Notes	**2018 N'000**	2017 N'000 Restated	**2018 N'000**	2017 N'000 Restated
Continuing operations					
Revenue	**5.1**	**8,552,163**	8,056,961	**8,249,947**	7,844,348
Cost of sales	**5.2**	**(5,388,976)**	(4,870,137)	**(5,241,910)**	(4,776,905)
Gross profit		**3,163,187**	3,186,824	**3,008,037**	3,067,443
Other operating income	**6.1.**	**289,572**	58,177	**288,219**	58,177
Investment income	**6.2.**	**-**	-	**-**	17
Interest income	**6.3**	**289**	29,875	**289**	29,875
Other gains and losses	**6.4.**	**1,712**	4,001	**1,712**	3,651
Impairment losses	**7.**	**(33,648)**	(33,648)	**(33,648)**	(33,648)
Distribution,Sales and marketing expenses		**(1,174,722)**	(1,043,496)	**(1,075,569)**	(977,795)
Administrative expenses	**8.**	**(1,033,763)**	(794,211)	**(999,536)**	(760,390)
Operating profit		**1,212,627**	1,407,522	**1,189,504**	1,387,330
Finance costs	**9.**	**(339,719)**	(512,133)	**(339,719)**	(511,354)
Share of loss in joint ventures	**17.2.b**	**(54,996)**	(34,245)	**-**	-
Profit before income tax		**817,912**	861,144	**849,785**	875,976
Income tax expense	**10.**	**(475,226)**	(234,757)	**(475,226)**	(229,027)
Profit from continuing operations		**342,686**	626,387	**374,559**	646,949
Discontinued operations					
Profit/(loss) for the year from discountinued operations	**11.2**	**242,514**	(289,768)	**242,514**	(289,768)
Profit for the year		**585,200**	336,619	**617,073**	357,181
Attributable to:					
Equity shareholders		**585,200**	336,619	**617,073**	357,181
Non-controlling interests		**-**	-	**-**	-
		585,200	336,619	**617,073**	357,181
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	**24.**	**-**	-	**-**	-
Items that may be reclassified subsequently to profit or loss		**-**	-	**-**	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**585,200**	336,619	**617,073**	357,181
Attributable to:					
Equity shareholders		**585,200**	336,619	**617,073**	357,181
Non-controlling interests		**-**	-	**-**	-
		585,200	336,619	**617,073**	357,181
Basic and diluted earnings/(loss) per share (Kobo)- **From discontinued operations**	**12.**	**24.75**	(29.57)	**24.75**	(29.57)
Basic and diluted earnings per share (Kobo)-**From continuing operations**	**12.**	**34.97**	63.92	**38.22**	66.02

All the profit 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 2018

	Notes	The Group 2018 N'000	The Group 2017 N'000 Restated	The Company 2018 N'000	The Company 2017 N'000 Restated
Assets					
Non current assets					
Property,plant and equipment	14.	3,504,599	3,651,101	3,499,352	3,647,403
Intangible assets	15.	-	33,648	-	33,648
Investment in subsidiaries	16.	-	-	3,000	3,000
Investment in Joint Venture	17.2	1,237,645	970,944	1,326,886	1,005,189
Deposit for investment	17.	-	-	-	-
		4,742,244	4,655,693	4,829,238	4,689,240
Current assets					
Inventories	18.	1,595,274	1,598,490	1,463,949	1,469,491
Trade and other receivables	19.	1,344,852	763,819	1,482,954	956,471
Other assets	20.	150,751	879,337	147,229	827,826
Cash and cash equivalents	21.	268,957	503,406	212,196	485,175
		3,359,834	3,745,052	3,306,328	3,738,963
Total assets		8,102,078	8,400,745	8,135,566	8,428,203
Equity and liabilities					
Share capital	22.1	490,000	490,000	490,000	490,000
Share premium	22.2	1,572,622	1,626,094	1,572,622	1,626,094
Retained earnings	23.	1,554,780	1,173,412	1,645,389	1,232,859
Other comprehensive income reserve	24.	-	-	-	-
Total Equity		3,617,402	3,289,506	3,708,011	3,348,953
Non-current liabilities					
Loans and borrowings	25.	353,013	1,130,000	353,013	1,130,000
Post employment benefits - defined benefits	26.	100,018	78,917	98,372	78,095
Deferred tax liabilities	10.3	869,599	596,800	868,360	595,561
Total non-current liabilities		1,322,630	1,805,717	1,319,745	1,803,656
Current liabilities					
Loans and borrowings	25.	1,447,236	1,332,986	1,447,236	1,332,986
Post employment benefits - defined contribution	26.	23,913	24,542	23,913	24,423
Trade and other payables	27.	1,454,852	1,852,713	1,400,616	1,828,436
Current tax liabilities	10.2	212,202	64,889	212,202	59,357
Deferred income	28.	23,843	30,392	23,843	30,392
		3,162,046	3,305,522	3,107,810	3,275,594
Total liabilities		4,484,676	5,111,239	4,427,555	5,079,250
Total equity and liabilities		8,102,078	8,400,745	8,135,566	8,428,203

These consolidated financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on **21 March 2019.**

LT. GEN. T.Y. Danjuma (Rtd) GCON	**Nnamdi Okafor**	**Ayodeji Aboderin**
Chairman	**Managing Director**	**Finance Director/ CFO**
FRC/2013/IODN/0000003130	**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 2018

Equity attributable to equity holders - the Group	Share capital N'000	Share premium N'000	Retained earnings N'000	OCI reserves N'000	Total N'000
Balance at 1 January 2017	**490,000**	**1,626,094**	**895,592**	**-**	**3,011,686**
Changes in equity for 2017:					
Profit for the year	-	-	336,620	-	336,620
Prior year dividend declared and paid	-	-	(58,800)	-	(58,800)
	-	-	277,820	-	277,820
Balance at 31 December 2017	**490,000**	**1,626,094**	**1,173,412**	**-**	**3,289,506**
Balance at 1 January 2018	**490,000**	**1,626,094**	**1,173,412**	**-**	**3,289,506**
Adjustment on initial application of IFRS 9 (net of tax)	**-**	**-**	**(7,830)**	**-**	(7,830)
Restated opening balance under application of IFRS 9	**490,000**	**1,626,094**	**1,165,582**	**-**	**3,281,676**
Changes in equity for 2018:					
Profit for the year	**-**	**-**	**585,198**	**-**	585,198
Share of loss joint ventures not previously recognised	**-**	**-**	**-**	**-**	-
Prior year dividend declared and paid	**-**	**-**	**(196,000)**	**-**	(196,000)
Share Issue Expenses	**-**	**(53,472)**	**-**	**-**	(53,472)
Remeasurement of defined benefit obligation	**-**	**-**	**-**	**-**	-
	-	**(53,472)**	**389,198**	**-**	**335,726**
Balance at 31 December 2018	**490,000**	**1,572,622**	**1,554,780**	**-**	**3,617,402**

Equity attributable to equity holders - the Company	Share capital N'000	Share premium N'000	Retained earnings N'000	OCI reserves N'000	Total N'000
Balance at 1 January 2017	**490,000**	**1,626,094**	**934,477**	**-**	**3,050,571**
Changes in equity for 2017:					
Profit for the year	-	-	357,182	-	357,182
Prior year dividend declared and paid	-	-	(58,800)	-	(58,800)
	-	-	298,382	-	298,382
Balance at 31 December 2017	**490,000**	**1,626,094**	**1,232,859**	**-**	**3,348,953**
Balance at 1 January 2018	**490,000**	**1,626,094**	**1,232,859**	**-**	**3,348,953**
Adjustment on initial application of IFRS 9 (net of tax)	**-**	**-**	**(8,543)**	**-**	(8,543)
Restated opening balance under application of IFRS 9	**490,000**	**1,626,094**	**1,224,316**	**-**	**3,340,410**
Changes in equity for 2018:					
Profit for the year	**-**	**-**	**617,072**	**-**	617,072
Share of loss joint ventures not previously recognised	**-**	**-**	**-**	**-**	-
Prior year dividend declared and paid	**-**	**-**	**(196,000)**	**-**	(196,000)
Share Issue Expenses	**-**	**(53,472)**	**-**	**-**	(53,472)
Remeasurement of defined benefit obligation	**-**	**-**	**-**	**-**	-
	-	**(53,472)**	**421,072**	**-**	**367,600**
Balance at 31 December 2018	**490,000**	**1,572,622**	**1,645,388**	**-**	**3,708,010**

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 2018

	Notes	The Group 2018 N'000	The Group 2017 N'000 Restated	The Company 2018 N'000	The Company 2017 N'000 Restated
Cash flows from operating activities					
Profit for the year		**585,198**	336,619	**617,073**	357,181
Adjustment for:					
Depreciation expenses	**14.**	**427,938**	387,966	**423,725**	383,390
Share of loss joint ventures not previously recognised		**-**	34,245	**-**	34,245
Interest income	**6.3**	**(289)**	(29,875)	**(289)**	(29,875)
Interest expense	**9.**	**339,719**	512,133	**339,719**	511,354
Pension deducted	**26.2**	**46,592**	47,111	**46,592**	44,944
Current service cost	**26.3**	**31,774**	26,754	**31,774**	25,931
Income tax expense	**10.**	**475,226**	234,757	**475,226**	229,027
Profit on disposal of property, plant and equipment	**6.4.**	**(1,712)**	(4,001)	**(1,712)**	(3,651)
Impairment on trade and other receivable written off	**19.**	**5,828**	(29,243)	**-**	(21,906)
Impairment on trade and other receivable	**19.**	**207,420**	57,877	**205,757**	45,588
		2,117,695	1,574,344	**2,137,866**	1,576,228
Changes in:					
Inventories	**18.**	**3,216**	129,279	**5,542**	214,267
Trade and other receivables	**19.**	**(796,936)**	(16,218)	**(740,723)**	(51,324)
Other assets	**20.**	**728,585**	-	**680,597**	-
Trade and other payables	**27.**	**(580,019)**	(512,361)	**(527,805)**	(527,335)
Deferred income	**28.**	**(6,549)**	(19,673)	**(6,549)**	(19,673)
Cash generated from operating activities		**1,465,992**	1,155,371	**1,548,928**	1,192,163
Tax paid through cash	**10.4**	**(55,115)**	(146,704)	**(49,583)**	(146,267)
Pension remmitted	**26.2**	**(47,220)**	(93,857)	**(47,102)**	(91,809)
Employee benefit paid	**26.3**	**(10,673)**	(71,081)	**(11,497)**	(71,080)
Net cash from operating activities		**1,352,984**	843,729	**1,440,747**	883,007
Cash flows from investing activities:					
Movement in deposit for investment	**17.**	**-**	15,325	**-**	15,325
Addition to investment in Joint Venture	**17.2**	**(266,700)**	-	**(321,696)**	-
Purchase of property, plant and equipment	**14.**	**(556,481)**	(134,366)	**(550,719)**	(134,366)
Impairment of intangible assets	**15.**	**33,648**	33,648	**33,648**	33,648
Proceeds on sale of property plant and equipment		**276,756**	12,709	**276,756**	12,359
Interest received	**6.3**	**289**	29,875	**289**	29,875
Net inflow from disposal of food business		**846,406**	-	**846,406**	-
Net cash used in investing activities		**333,918**	(42,809)	**284,684**	(43,159)
Cash flows from financing activities:					
Repayment of loans and borrowings other than overdraft		**(863,260)**	(525,293)	**(863,260)**	(525,294)
Additions to overdraft	**23.**	**200,523**	(58,800)	**200,523**	-
Dividend paid	**22.2**	**(196,000)**	-	**(196,000)**	(58,800)
Share issued expenses		**(53,472)**	-	**(53,472)**	-
Finance costs	**9.**	**(339,719)**	(512,133)	**(339,719)**	(511,354)
Net cash used in financing activities		**(1,251,928)**	(1,096,226)	**(1,251,928)**	(1,095,448)
Net increase/(decrease) in cash and cash equivalents		**434,974**	(295,306)	**473,503**	(255,600)
Cash and cash equivalents at 1 January		**82,252**	377,558	**100,483**	356,083
Cash and cash equivalents at 31 December	**21.**	**517,226**	82,252	**573,986**	100,483

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 2018

1.1 Description of business

May & Baker Nigeria Plc. was incorporated 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 cash flows and the notes to the financial statements as at **31 December 2018** and **31 December 2017** 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).

1.5 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Nigerian Naira (N) which is the Group's functional currency and presentation currency.

1.6 Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's consolidated financial statements are presented fairly.

2. Adoption of new and revised standards

2.1. Changes in accounting policy, amendments and disclosures

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below (**Notes 3 -4.3**). These policies have been consistently applied to all the years presented except for the new standards below (Sub-notes (i) and (ii)).

The Group has adopted the following new standards with initial date of application of 1 January, 2018

i) IFRS 15: Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 is recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

Adoption of this standard does not have any significant impact on the Group.

ii) IFRS 9: Financial instruments

Effective 1 January 2018, the Group adopted IFRS 9 - Financial Instruments. Subsequent upon adoption of IFRS 9, the Group's accounting policies were changed in the areas outlined below, and these new policies became applicable from 1 January 2018. As permitted by the transition provisions of IFRS 9, we elected not to restate comparative period results. Accordingly, all comparative period information is presented in accordance with our previous accounting policies, as described in our 2017 Financial Statements. Adjustments to carrying amounts of financial assets and liabilities at the date of initial application (1 January 2018) were recognized in opening retained earnings and other components of equity in the current period. New disclosures have been provided for the current period, where applicable, and comparative period disclosures are consistent with those made in the prior year.

Details of impact on the adoption of IFRS 9 are set out in Note 4.3.

a. Classification and measurement of financial assets

Financial assets, which include both debt and equity securities are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortised cost. Subsequent classification and measurement for debt securities is based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instruments.

Debt instruments are measured at amortised cost if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and (b) the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and (b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.

All other debt and equity instruments are measured at FVTPL.

b. Business model assessment

The Group determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the its business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:

- How the economic activities of our businesses generate benefits and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of our businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and
- Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model.

The Group's business models fall into three categories, which are indicative of the key strategies used to generate returns:

- Hold-to-Collect (HTC): The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.
- Hold-to-Collect-and-Sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
- Other fair value business models: These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

c. SPPI assessment

Instruments held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time.

Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.
Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

d. Expected Credit Losses(ECL)
The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses than the incurred loss impairment model used in IAS 39. The Group applies a simplified approach for trade receivables, for which the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. The current practice for measuring the trade receivables has a policy of providing for debts with aging based on management approved matrix.

e. Investment securities
All investment securities are initially recorded at fair value and subsequently measured according to the respective classification. Prior to our adoption of IFRS 9, Investment securities were comprised of available-for sale securities and held-for-trading securities.
Equity securities carried at FVOCI are measured at fair value. Unrealized gains and losses arising from changes in fair value are recorded in fair value reserve and not subsequently reclassified to profit or loss when realized. Dividends from FVOCI equity securities are recognized in other operating income.
The Company accounts for all securities using trade date accounting and changes in fair value between the trade date and settlement date are reflected in income for securities measured at FVTPL, and changes in the fair value of securities measured at FVOCI between the trade and settlement dates are recorded in OCI.
Equity securities classified as held-for-trading under IAS 39 are measured at fair value through profit or loss under IFRS 9.

iii) 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

iv) 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.

v) 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 is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

vi) Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment deletes the short-term exemptions of IFRS 1, because they have now served their intended purpose.

vii) 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.

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

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

2.2.1 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.

2.3 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 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 Associates 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 acquire. 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 separately

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.

3.10 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 than 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 asset/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 continuously 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.

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4.3 Transition disclosures

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs. A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

		IAS 39 measurement			Re-measurement		IFRS 9	
	Notes	Category	Amount	Reclassification	ECL	Other	Amount	Category
			N'000	N'000	N'000	N'000	N'000	
Financial assets								
1 **Financial assets measured at amortised cost**								
Trade receivables	a.	Loans and receivables	566,666	42,550	(4,967)	-	**604,249**	Amortised cost
To: Cash and cash equivalents				42,550				
Cash and cash equivalents	a.	Loans and receivables	527,726	(42,550)	-	-	**485,176**	Amortised cost
From: Trade receivables				(42,550)				
Total Financial assets measured at amortised cost			**1,094,392**	**-**	**(4,967)**	**-**	**1,089,425**	
2 **Non-financial assets**								
Other receivables	f.	N/A	96,851	252,965	(3,516)	2,259	**348,559**	N/A
From: Due to related parties and other assets				252,965	-			
Receivables from related parties	f.	N/A	240,743	(240,743)	-	**-**	**-**	N/A
To: Other receivables				(240,743)	-			
Property, plant and equipment	f.	N/A	3,647,403	-	-	-	**3,647,403**	N/A
Intangible assets	f.	N/A	33,648	**-**	-	-	**33,648**	N/A
Investment in subsidiaries	f.	N/A	3,000	-	-	-	**3,000**	N/A
Investment in Joint Venture	f.	N/A	-	230,000	-	775,189	**1,005,189**	N/A
From: Deposit for investment				230,000	-			
Deposit for investment	f.	N/A	230,000	(230,000)	-	-	**-**	N/A
To: Investment in Joint Venture				(230,000)	-			
Inventories	f.	N/A	1,469,491	-	-	-	**1,469,491**	N/A
Other assets	f.	N/A	840,048	(12,222)	-	-	**827,826**	N/A
To: Other receivables				(12,222)	-			
Total non-financial asset			**6,561,184**	**-**	**(3,516)**	**777,448**	**7,335,116**	
Total assets			**7,655,576**	**-**	**(8,483)**	**777,448**	**8,424,541**	

		IAS 39 measurement			Re-measurement		IFRS 9	
	Notes	Category	Amount	Reclassification	ECL	Other	Amount	Category
			N'000	N'000	N'000	N'000	N'000	
Financial liabilities								
1 **Financial liabilities measured at amortised cost**								
Loans and borrowings	a.d.	Financial liabilities	2,462,986	-	-	-	**2,462,986**	Amortised cost
Total Financial liabilities measured at amortised cost			**2,462,986**	**-**	**-**	**-**	**2,462,986**	
2 **Non-financial liabilities**								
Post employment benefits - defined benefits	f.	N/A	78,096	-	-	**-**	**78,096**	N/A
Deferred tax liabilities	f.	N/A	595,561	-	-	**-**	**595,561**	N/A
Post employment benefits - defined contribution	f.	N/A	-	24,423	-	**-**	**24,423**	N/A
From: Trade and other payables				24,423	-			
Trade and other payables	f.	N/A	1,079,929	(24,123)	-	772,630	**1,828,436**	N/A
To: Post employment benefits - defined contribution and Deferred income				(24,423)	-			
Current tax liabilities	f.	N/A	59,357	-	-	**-**	**59,357**	N/A
Deferred income	f.	N/A	30,692	(300)	-	**-**	**30,392**	N/A
To: Trade and other payables				(300)	-			
Total non-Financial asset			**1,843,635**	**-**	**-**	**772,630**	**2,616,265**	
Total liabilities			**4,306,621**	**-**	**-**	**772,630**	**5,079,251**	
Statement of profit or loss and other comprehensive income								
Revenue	g.	N/A	7,844,348	-	-	**-**	**7,844,348**	N/A
Cost of sales		N/A	(4,776,905)	-	-	**-**	**(4,776,905)**	N/A
Other operating income	g.	N/A	58,177	-	-	**-**	**58,177**	N/A
Investment income	g.	N/A	17	-	-	**-**	**17**	N/A
Interest income	g.	N/A	29,875	-	-	**-**	**29,875**	N/A
Other gains and losses	g.	N/A	3,651	-	-	**-**	**3,651**	N/A
Impairment losses		N/A	(33,648)	-	-	**-**	**(33,648)**	N/A
Distribution, sales and marketing expenses		N/A	(977,795)	-	-	**-**	**(977,795)**	N/A
Administrative expenses		N/A	(760,390)	-	-	**-**	**(760,390)**	N/A
Finance costs		N/A	(511,354)	-	-	**-**	**(511,354)**	N/A
Income tax expense		N/A	(229,027)	-	-	**-**	**(229,027)**	N/A
Profit/(loss) for the year from discontinued operations		N/A	(289,768)	-	-	**-**	**(289,768)**	N/A

Total Statement of profit or loss and other comprehensive income	**(229,027)**	**-**	**-**	**-**	**(229,027)**

	2017 N'000
4.3 Transition disclosures continued	
Other comprehensive income reserve	
Retained earnings	
Closing balance under IAS 39 (31 December 2017)	**1,198,614**
Recognition of IFRS 9 ECLs including those measured at amortised cost	**(8,543)**
Deferred tax in relation to the above	**-**
Opening balance under IFRS 9 (1 January 2018)	**1,190,071**

Impairment allowance for:	Allowance for impairment under IAS 39/IAS 37 at 31 December 2017	Re-measurement	Reclassified	ECLs under IFRS 9 at 1 January 2018
Trade and receivables (IAS 39) / Financial assets at amortised cost (IFRS 9)	**N'000**	**N'000**	**N'000**	**N'000**
Trade receivables	305,909	4,967	(42,550)	268,326
Other receivables	175,062	3,516	-	178,578
Cash and cash equivalents	-	-	42,550	42,550
Total	**480,971**	**8,483**	**-**	**489,454**

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the company as detailed below:

a. ECL computation on trade and other receivables, equity instruments and other financial assets under IFRS 9

Provision for financial guarantee contracts and other contingent liabilities were previously determined in accordance with IAS 37-Provisions Contingent Liabilities and Contingent Assets. The impairment computation for loan commitments and financial guarantee contracts is now in accordance with IFRS 9. Also, the impairment computation for trade and other receivables and other financial assets with equity instruments is now in accordance with IFRS 9.

For financial assets and liabilities that have been reclassified to the amortised cost category, the following table shows their fair value as at 31 December 2018:

b. Designation of equity instruments at amortised costs

After assessing the Company's business model for securities within it's available for sale portfolio, which are mostly held to collect the contractual cash flows and sell, the Company has identified certain securities which are managed separately and for which the past practice has been (and the Company's intention remains) to hold to collect the contractual cash flows. Consequently, the Company assessed that the appropriate business model for this group of securities is hold to collect.

c. Reclassification from retired categories with no change in measurement

In addition to the above, other equity investment have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were 'retired', with no changes to their measurement basis. As detailed below:
(i) Those previously classified as held to
(ii) Those previously classified as Held to maturity and now classified as measured at FVOCI;

d. Reclassification from retired categories with no change in measurement

The Company's financial liabilities were reclassified from 'Other financial liabilities' to a new category under IFRS 9 called 'Amortised cost', as the previous category under IAS 39 were 'retired', with no changes to its measurement basis.

e. Deferred tax implication of IFRS 9

Deferred tax assets have not been recognised in respect of the impact of IFRS 9 at the date of initial application; as there is no material deferred tax impact.

f. Other classifications

The Company has designated other financial assets and non-financial assets and other financial liabilities and non-financial liabilities in line with the requirement of IFRS 9, thus no effect.

g. Revenue recognition

Revenue is recognised over time as those goods delivered, services are provided and titles have passed. Invoices for Pharmaceuticals, Beverages and Food are issued on a delivery basis and are usually payable within 30 days.

Under IFRS 15, the total consideration in the Pharmaceuticals, Beverages and Food are allocated to all services and goods based on their stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Company sells the goods in separate transactions.

IFRS 15 did not have a significant impact on the Company's accounting policies.

5. Revenue and costs of sales

5.1 Revenue

The following is an analysis of the Company's and Group's revenue for the year from continuing operations (excluding investment income).

	The Group		The Company	
	2018	2017	**2018**	2017
	₦'000	₦'000	**₦'000**	₦'000
The Group's revenue comprises sale of goods as analysed below:				
Pharmaceuticals	**8,481,727**	7,994,749	**8,179,511**	7,782,136
Beverage	**70,436**	62,212	**70,436**	62,212
Total revenue	**8,552,163**	8,056,961	**8,249,947**	7,844,348

5.2 Costs of sales

	The Group		The Company	
	2018	2017	**2018**	2017
Total direct material costs	**4,872,141**	3,731,561	**4,725,075**	3,639,876
Total direct labour costs	**333,098**	447,236	**333,098**	446,412
Total direct expenses	**139,334**	640,307	**139,334**	640,171
Total factory overhead expenses	**44,403**	51,033	**44,403**	50,445
Total costs of sales	**5,388,976**	4,870,137	**5,241,910**	4,776,905
Gross profit	**3,163,186**	3,186,824	**3,008,036**	3,067,443
Gross margin	**37%**	40%	**36%**	39%

5.3 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 Pharmaceuticals - This segment is involved in the production and sale of human pharmaceuticals and human vaccines.

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

	The Group		The Company	
	2018	2017	**2018**	2017
	₦'000	₦'000	**₦'000**	₦'000
5.3.1 Segment revenue				
Pharmaceuticals	**8,481,727**	7,994,749	**8,179,511**	7,782,136
Beverage	**70,436**	62,212	**70,436**	62,212
	8,552,163	8,056,961	**8,249,947**	7,844,348

5.3.1a Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year.

	The Group		The Company	
	2018	2017	**2018**	2017
	₦'000	₦'000	**₦'000**	₦'000
5.3.2 Segment profit				
Pharmaceuticals	**3,100,428**	3,160,308	**3,000,274**	3,075,172
Beverage	**7,762**	(7,729)	**7,762**	(7,729)
Total segment profit	**3,108,190**	3,152,579	**3,008,036**	3,067,443
Other operating income (Note 6.1)	**281,124**	58,177	**288,219**	58,177
Investment income (Note 6.2)	**-**	-	**-**	17
Interest income (Note 6.3)	**289**	29,875	**289**	29,875
Other gains and losses (Note 6.4)	**1,712**	4,001	**1,712**	3,651
Central administration costs and directors' salaries	**(2,242,133)**	(1,871,355)	**(2,108,753)**	(1,771,832)
Finance costs	**(331,272)**	(512,133)	**(339,719)**	(511,354)
Profit before tax	**817,911**	861,145	**849,784**	875,977

5.3.3 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.

5.3.4 Segment assets and liabilities

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

5.3.5 Information about major customers

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

5.3.6 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	
	2018	2017	**2018**	2017
	Revenue from external customers **₦'000**	Revenue from external customers ₦'000	Revenue from external customers **₦'000**	Revenue from external customers ₦'000
East	**3,105,333**	3,703,343	**2,993,460**	3,609,793
West	**1,537,923**	1,567,101	**1,504,663**	1,543,714
Lagos	**2,897,452**	3,001,821	**2,779,531**	2,918,902
North	**1,011,455**	1,080,371	**972,293**	1,067,614
	8,552,163	9,352,636	**8,249,947**	9,140,023

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	The Group		The Company	
	2018	2017	**2018**	2017
	₦'000	₦'000	**₦'000**	₦'000
6. Other income				
6.1. Other operating income				
Insurance indemnity(Note 6.1.1)	**11,070**	8,981	**11,070**	8,981
Income on contract manufacturing	**23,933**	4,996	**23,933**	4,996
Operating rental income(Note 6.1.2)	**16,000**	22,124	**16,000**	22,124
Deferred income realised(Note 6.1.3)	**8,447**	19,674	**8,447**	19,674
Sale of scrapped items	**4,295**	2,401	**4,295**	2,401
Exchange gain	**225,827**	-	**224,475**	
	289,572	58,177	**288,219**	58,177

6.1.1 Income earned on insurance claim received from HOGG Robinson and BCN insurance broker.

6.1.2 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.

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

	The Group		The Company	
	2018	2017	**2018**	2017
	₦'000	₦'000	**₦'000**	₦'000
6.2. Investment Income				
Dividend income	**-**	-	**-**	17
6.3 Interest income				
Bank interest	**289**	29,875	**289**	29,875
6.4. Others gains and losses				
Profit on disposal of property, plant and equipment	**1,712**	4,001	**1,712**	3,651
	1,712	4,001	**1,712**	3,651
7. Impairment losses				
Impairment losses relating to property, plant and equipment and intangible assets for the company and group are:				
Intangible asset (Note 15)	**33,648**	33,648	**33,648**	33,648
Property plant and equipment (Note 14)	**-**	-	**-**	-
Total	**33,648**	33,648	**33,648**	33,648

7.1 The net impairment losses were based on fair value less cost to sell for property, plant and equipment and net recoverable amount for intangible assets. All impairment for the group belonged to the parent company.

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		The Group		The Company	
		2018	2017	**2018**	2017
		₦'000	₦'000	**₦'000**	₦'000
8.	**Expenses by nature**				
	Personnel expenses	**241,727**	259,487	**241,727**	24,531
	Depreciation and amortisation	**16,377**	19,089	**16,377**	1,858
	Repairs and maintenances	**60,135**	23,825	**31,942**	21,442
	Transport and travelling expenses	**64,954**	64,056	**64,954**	6,303
	Insurance expenses	**18,415**	10,402	**18,415**	1,040
	Licensing/registration	**1,514**	5,843	**1,514**	5,843
	Director's emolument and expenses	**90,433**	44,910	**90,433**	44,910
	Director's fees	**2,650**	2,650	**2,650**	2,650
	Public relations, promotions and advertisements	**12,258**	16,367	**12,258**	16,367
	Subscriptions and dues	**19,297**	17,880	**19,297**	17,629
	Audit fees	**10,700**	10,700	**10,000**	10,000
	Legal and professional charges	**33,804**	37,746	**30,856**	34,431
	Printing, stationeries, printed and promotional materials	**11,187**	16,131	**11,187**	15,427
	Security expenses	**22,613**	23,904	**22,613**	23,904
	Telephone and postages expenses	**3,193**	4,442	**3,193**	3,439
	Exchange loss	**-**	51,296	**-**	53,857
	Impairment on trade and other receivable(Note 19.3)	**260,050**	43,323	**260,050**	35,470
	Impairment on dormant bank balances	**-**	39,154	**-**	36,770
	Impairment on dormant inventory items (Note 18)	**30,777**	-	**30,777**	-
	Company Secretary and Agm expenses	**11,438**	7,837	**11,438**	7,837
	Admin and Mgt Expense	**20,969**	24,393	**20,969**	23,249
	Electricity and Generator expenses	**23,745**	1,492	**23,745**	1,492
	Bank charges and commissions	**27,999**	23,185	**25,613**	22,407
	IT Expenses	**24,434**	14,486	**24,434**	14,486
	Others	**25,094**	31,611	**25,094**	31,440
		1,033,763	**794,211**	**999,536**	760,390
8.1	**Expenses by function**				
	Costs of sales (Note 5.2)	**5,388,976**	4,870,137	**5,241,910**	4,776,905
	Distribution,Sales and marketing expenses	**1,174,722**	1,043,496	**1,075,569**	977,795
	Administrative expenses (Note 8)	**1,033,763**	794,211	**999,536**	760,390
		7,597,461	7,919,406	**7,317,015**	6,515,089
9.	**Finance costs**				
	Financial liabilities held at amortized cost:				
	Interest on finance lease obligations	**322**	4,830	**322**	4,052
	Interest on overdaft	**171,965**	120,237	**171,965**	120,237
	Interest on loans and borrowings	**167,433**	387,066	**167,433**	387,066
	Total finance costs	**339,719**	512,133	**339,719**	511,354

9.1 All finance charges for the group were as a result of finance leases, interest on overdraft and loans and borrowings taken by the group.

9.2 Included in the amount was N23,406,000 (Dec 2017 :N144,760,000) representing interest on loans from related party.

		The Group		The Company	
		2018	2017	**2018**	2017
		₦'000	₦'000	**₦'000**	₦'000
10.	**Taxation**				
10.a	**Income tax expense**				
	Income tax	**174,825**	34,870	**174,825**	29,314
	Education tax	**27,603**	20,602	**27,603**	20,602
	Total current tax expense	**202,428**	55,472	**202,428**	49,916
10.b	**Deferred tax on origination and reversal of temporary differences:**				
	Deferred tax (Note 10.3)	**272,799**	179,285	272,799	179,111
	Total deferred tax charge	**272,799**	179,285	272,799	179,111
	Total income tax expense	**475,226**	234,757	475,226	229,027
10.1	**Factors affecting tax expenses for the year**				
	Profit before tax as shown in the consolidated income statement	**817,911**	861,145	**849,785**	875,977
	Expected income tax expense on profit at statutory tax rate (30%)	**245,373**	258,343	**254,935**	262,793
	Effect of portion of income taxed on a different basis - education tax	**27,603**	20,602	**27,603**	20,602
	Effect of permanent differences on investment allowance	**-**	-	**-**	-
	Effect of expenses that are not deductible in determining taxable taxable profit exempt from taxation	**-**	-	**-**	-
	Effect of income and expenses that are not exempt from taxation	**-**	-	**-**	-
	Accelerated capital allowance on propert,plant and equipment	**-**	-	**-**	-
	Effect of tax on disposal of property, plant and equipment	**-**	-	**-**	-
	Effect of minimum taxation	**5,556**	-	**-**	-
	Adjustment recognized in current year in relation to current tax of prior years	**-**	-	**-**	-
		278,532	278,945	**282,538**	283,395
	Effective tax rate	**34%**	**32%**	**33%**	**32%**

No income tax was recognised directly in equity
No income tax was recognised in other comprehensive income

10.2	**Current tax liabilities**				
	Income tax payable (Note 10.4)	**212,202**	64,889	**212,202**	59,357
10.3	**Deferred tax balances**				
	The following is the analysis of the deferred tax assets presented in the consolidated and separate statements of financial position:				
	Deferred tax liabilities	**869,599**	596,800	**868,360**	595,561

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		Group			Company		
		Opening balance N'000	Recognised in profit or loss N'000	Closing balance N'000	Opening balance N'000	Recognised in profit or loss N'000	Closing balance N'000
10.3.2	**2018**						
	Deferred tax liabilities/ (assets) in relation to:						
	Property, plant and equipment	**394,297**	**280,260**	**674,557**	**394,484**	**280,260**	**674,744**
	Retirement benefit obligations	**(192,340)**	**(7,461)**	**(199,801)**	**(192,431)**	**(7,461)**	**(199,892)**
	Provision for doubtful debts	**394,843**	**-**	**394,843**	**393,508**	**-**	**393,508**
	Impairment	**-**	**-**	**-**	**-**	**-**	**-**
		596,800	**272,799**	**869,599**	**595,561**	**272,799**	**868,360**
10.3.3	**2017**						
	Deferred tax liabilities/ (assets) in relation to:						
	Property, plant and equipment	275,846	118,451	394,297	275,846	118,638	394,484
	Retirement benefit obligations	(134,559)	(57,781)	(192,340)	(134,559)	(57,872)	(192,431)
	Provision for doubtful debts	276,228	118,615	394,843	275,163	118,345	393,508
	Impairment	-	-	-	-	-	-
		417,515	179,285	596,800	416,450	179,111	595,561

There are no unrecognised deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised.

		The Group		The Company	
		2018 ₦'000	2017 ₦'000	**2018 ₦'000**	2017 ₦'000
10.4	**Income tax**				
	Analysis of movements in the current tax balance during the year:				
	At 1 January	**64,889**	156,121	**59,357**	155,708
	Income tax	**174,825**	34,870	**174,825**	29,314
	Education tax	**27,603**	20,602	**27,603**	20,602
	Tax paid during the year	**(55,115)**	(146,704)	**(49,583)**	(146,267)
	At 31 December	**212,202**	64,889	**212,202**	59,357

10.4.1 Factors affecting the tax charge in future years

Factors that may affect the Group's future tax charge include the impact of corporate restructurings, the resolution of open issues, future planning opportunities, corporate acquisitions and disposals, the use of brought forward tax losses and changes in tax legislation and tax rates.

11. Discontinued operations

11.1 Disposal of food operations

At the Extra Ordinary General Meeting held on 23 November 2017, the directors announced the plans to dispose of the group food business. The disposal is consistent with the Group's long-term policy to focus its activities only on Pharmaceutical and Beverage business. The sales was concluded on 30 April 2018, no further losses is expected on the disposed asset. The Group has not recognised any impairment losses in respect of the food business neither when the assets and liabilities of the operation were reclassified as held for sale before the reporting period nor at the end of the reporting period.

11.2 Analysis of profit/(loss) for the year from discontinued operations

The result of discontinued operations (Food business) included in the statement of profit or loss and other comprehensive income are as set below:

	The Group		The Company	
	2018	2017	**2018**	2017
	₦'000	₦'000	**₦'000**	₦'000
Profit/(loss) for the year from discontinued operations				
Revenue	**193,803**	1,295,675	**193,803**	1,295,675
Cost of sale	**(228,301)**	(1,204,978)	**(228,301)**	(1,204,978)
Gross (loss)/profit	**(34,498)**	90,697	**(34,498)**	90,697
Expenses	**(51,087)**	(380,465)	**(51,087)**	(380,465)
Loss before tax	**(85,585)**	(289,768)	**(85,585)**	(289,768)
Attributable income tax expenses	**-**	-	**-**	-
	(85,585)	(289,768)	**(85,585)**	(289,768)
Pre tax loss on re-measurement fair value less cost to sale	**-**	-	**-**	-
Attributable income tax expenses	**-**	-	**-**	-
Gain on disposal of operations(Note 11.4)	**328,099**	-	**328,099**	-
Profit/(loss) for the year from discontinued operations(Attributable to the owners of the company)	**242,514**	(289,768)	**242,514**	(289,768)
Cash flows from discontinued operations				
Net cash inflows from operating activities	**-**	-	**-**	-
Net cash inflows from investing activities	**846,406**	-	**846,406**	-
Net cash outflows from financing activities	-	-	**-**	-
Net inflows	**846,406**	**-**	**846,406**	**-**

		The Group		The Company	
		2018	2017	**2018**	2017
		₦'000	₦'000	**₦'000**	₦'000
11.3	**Consideration received**				
	On 30 April, 2018, the Group disposed of its food business				
	Consideration received in cash and cash equivalent:				
	Proceeds on disposal of plant and machineries	**775,000**	-	**775,000**	-
	Payment for inventories	**71,406**	-	**71,406**	-
	Total proceed amount received	**846,406**	-	**846,406**	-
	Analysis of assets and liabilities of the disposed food business				
	Property, plant and equipment				
	Carrying amount of Plant & Machineries	**269,457**	-	**269,457**	-
	Net asset disposed off	**269,457**	-	**269,457**	**-**
11.4	**Gain on disposal of food business**				
	Consideration received (Note 11.3)	**846,406**	-	**846,406**	-
	Expenses relating to the disposal:				
	Severance pay	**41,614**	**-**	**41,614**	**-**
	Gratuity received from FBN PFA	**(8,258)**	**-**	**(8,258)**	**-**
	Irrecoverable advance payment to Vendor	**1,703**	**-**	**1,703**	**-**
	Legal fee	**9,688**	**-**	**9,688**	**-**
	Inventory	**204,103**	**-**	**204,103**	**-**
	Total expenses	**248,850**	-	**248,850**	-
	Net proceed amount received	**597,556**	-	**597,556**	-
	Net asset on disposal	**(269,457)**	-	**(269,457)**	-
	Gain on disposal included in the profit for the year from discontinued operations (Note 11.2)	**328,099**	-	**328,099**	-
11.5	**Net cash flow on disposal of food business**				
	Consideration received in cash and cash equivalent	**846,406**	-	**846,406**	-
	Less cash and cash equivalent on disposal of	**(846,406)**	**-**	**(846,406)**	**-**
		-	-	**-**	-

	The Group		The Company	
	2018	2017	**2018**	2017
	₦'000	₦'000	**₦'000**	₦'000
12. Basic earnings per share				
Profit for the year attributable to equity holders	**585,198**	336,620	**617,072**	357,182
Profit for the year from discontinued operations used in calculation of earnings per share from discontinued operations	**(242,514)**	289,768	**(242,514)**	289,768
Earnings from continuing operations	**342,684**	626,388	**374,559**	646,950
Number of shares				
Weighted average number of shares for basic earning per share	**980,000**	980,000	**980,000**	980,000
Effect of dilutive potential share: restricted shares and share options	-	-	-	-
Weighted average number of shares for diluted earnings per share	**980,000**	980,000	**980,000**	980,000
Earnings/(loss) per share (kobo)-from discontinued operations				
- Basic	**24.75**	(29.57)	**24.75**	(29.57)
- Diluted	**24.75**	(29.57)	**24.75**	(29.57)
Earnings per share (kobo)-from continuing operations				
- Basic	**34.97**	63.92	**38.22**	66.02
- Diluted	**34.97**	63.92	**38.22**	66.02
13. Operating profit				
Operating profit has been arrived after charging/(crediting):				
Depreciation and amortisation expenses	**427,938**	461,827	**423,725**	456,243
Impairment losses	**33,648**	33,648	**33,648**	33,648
Staff costs	**893,918**	1,002,625	**893,918**	968,781
Profit on disposal of property, plant and equipment	**1,712**	4,001	**1,712**	3,651
Audit fees	**10,700**	10,700	**10,000**	10,000

14. Property, plant and equipment

a. The Group

The movement on this account during the year was as follows:

	Freehold land ₦'000	Building ₦'000	Plant & machinery ₦'000	Furniture & fitting ₦'000	Computer & office equipment ₦'000	Trucks & motor vehicles ₦'000	Capital work-in-progress ₦'000	Total ₦'000
Cost								
At 1 January, 2017	183,565	2,076,574	3,715,015	55,717	271,880	520,684	218,179	7,041,614
Additions	-	8,965	37,877	20,873	-	61,305	5,346	134,366
Disposals	-	-	(34,063)	(4,226)	-	(52,379)	-	(90,668)
Reclassification	-	76	(1,126)	1,050	-	-	-	-
At 31 December, 2017	183,565	2,085,615	3,717,703	73,414	271,880	529,610	223,525	7,085,312
At 1 January, 2018	**183,565**	**2,085,615**	**3,717,703**	**73,414**	**271,880**	**529,610**	**223,525**	**7,085,312**
Additions	**-**	**23,193**	**140,011**	**2,279**	**27,779**	**116,408**	**246,810**	**556,481**
Disposals	**-**	**-**	**(891,850)**	**-**	**(488)**	**(77,344)**	**-**	**(969,682)**
At 31 December, 2018	**183,565**	**2,108,808**	**2,965,864**	**75,693**	**299,171**	**568,674**	**470,335**	**6,672,111**
Depreciation and Impairment								
At 1 January, 2017	-	372,369	2,026,208	32,159	240,117	383,491	-	3,054,344
Charge for the year	-	62,394	302,456	19,346	-	77,631	-	461,827
Disposals	-	-	(31,183)	(3,182)	-	(47,595)	-	(81,960)
At 31 December, 2017	-	434,763	2,297,481	48,323	240,117	413,527	-	3,434,211
At 1 January, 2018	**-**	**434,763**	**2,297,481**	**48,323**	**240,117**	**413,527**	**-**	**3,434,211**
Charge for the year	**-**	**62,001**	**268,507**	**7,630**	**16,475**	**73,325**	**-**	**427,938**
Disposals	**-**	**-**	**(619,689)**	**-**	**(488)**	**(74,461)**	**-**	**(694,638)**
At 31 December, 2018	**-**	**496,764**	**1,946,299**	**55,953**	**256,104**	**412,391**	**-**	**3,167,511**
Carrying amounts:								
At 31 December, 2018	**183,565**	**1,612,044**	**1,019,565**	**19,740**	**43,067**	**156,283**	**470,335**	**3,504,599**
At 31 December, 2017	183,565	1,650,852	1,420,222	25,091	31,763	116,083	223,525	3,651,101

a) Included in the depreciation charged for the year was N16,376,630 (December 2017 : N19,089,327) in the administrative expenses, N14,069,307 (December 2017 : N13,555,184) in the distribution, sales and marketing and a charge of N360,220,247 (December 2017 :N355,322,039) to costs of sales in the statement of profit or loss and other comprehensive income for the Group.

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

c) No impairment of property, plant and equipment during the year

14. Property, plant and equipment

b. Company

The movement on this account during the year was as follows:

	Freehold land ₦'000	Building ₦'000	Plant & machinery ₦'000	Furniture & fitting ₦'000	Computer & office equipment ₦'000	Trucks & motor vehicles ₦'000	Capital work-in-progress ₦'000	Total ₦'000
Cost								
At 1 January, 2017	183,565	2,076,574	3,713,455	54,622	271,880	495,957	218,179	7,014,232
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	72,319	271,880	507,298	223,525	7,060,345
At 1 January, 2018	**183,565**	**2,085,615**	**3,716,143**	**72,319**	**271,880**	**507,298**	**223,525**	**7,060,345**
Additions	**-**	**23,193**	**140,013**	**1,976**	**27,779**	**110,947**	**246,810**	**550,719**
Disposals	**-**	**-**	**(891,850)**	**-**	**(488)**	**(77,344)**	**-**	**(969,682)**
At 31 December, 2018	**183,565**	**2,108,808**	**2,964,306**	**74,295**	**299,171**	**540,901**	**470,335**	**6,641,382**
Depreciation and Impairment								
At 1 January, 2017	-	372,369	2,024,650	31,588	240,117	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	47,752	240,117	394,387	-	3,412,942
At 1 January, 2018	**-**	**434,763**	**2,295,923**	**47,752**	**240,117**	**394,387**	**-**	**3,412,942**
Charge for the year	**-**	**62,001**	**268,507**	**7,367**	**16,475**	**69,375**	**-**	**423,725**
Disposals	**-**	**-**	**(619,689)**	**-**	**(488)**	**(74,461)**	**-**	**(694,638)**
At 31 December, 2018	**-**	**496,764**	**1,944,741**	**55,119**	**256,104**	**389,301**	**-**	**3,142,029**
Carrying amounts:								
At 31 December, 2018	**183,565**	**1,612,044**	**1,019,565**	**19,176**	**43,067**	**151,600**	**470,335**	**3,499,352**
At 31 December, 2017	183,565	1,650,852	1,420,220	24,567	31,763	112,911	223,525	3,647,403

(a) Included in the depreciation charged for the year was N16,376,630 (December 2017 : N18,587,597) in the administrative expenses, N14,049,307 (December 2017 : N9,479,692) in the distribution, sales and marketing and a charge of N360,220,247 (December 2017 : N355,322,039) to costs of sales in the statement of profit or loss and other comprehensive income for the Company.

(b) The Company has not pledged any of its items of property plant and equipment as security for liabilities.

(c) No impairment of property, plant and equipment during the year

	Group and Company Trade mark fee N'000
15. Intangible assets	
Cost:	
At 1 January 2017	67,296
Impairment loss (Note 7)	(33,648)
At 31 December 2017	33,648
At 1 January 2018	33,648
Impairment loss (Note 7)	(33,648)
At 31 December 2018	**-**
	-
Accumulated impairment losses and amortization:	
At 1 January 2017	-
Amortization charge for the year	-
At 31 December 2017	-
At 1 January 2018	**-**
Amortization charge for the year	**-**
At 31 December 2018	**-**
Carrying amount:	
At 31 December 2017	33,648
At 31 December 2018	**-**

a. 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 effective 2017.

b. Included in the amortisation charged for the year was Nil (December 2017 : Nil) in the administrative expenses and a charge of Nil (December 2017 : Nil) to costs of sale in the statement of profit or loss and other comprehensive income. However, there was no amortisation because the agreement is meant for life i.e. finite.

c. There was no impairment of any intangible asset during the year.

d. All the intangible assets owned by the group comes from the parent company

	Held by (Units) In thousand	% voting power	Place of Incorporation of operation	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
16. Investment in subsidiaries							
Carrying amount-at costs							
Osworth Nigeria Limited (Note 16i)	1,000	100%	Nigeria	**-**	-	**1,000**	1,000
Servisure Nigeria Limited(Note 16ii)	1,000	100%	Nigeria	**-**	-	**1,000**	1,000
Tydipack Nigeria Limited(Note 16iii)	1,000	100%	Nigeria	**-**	-	**1,000**	1,000
				-	-	**3,000**	3,000

i) **Osworth Nigeria Limited**: A Company incorporated in Nigeria in 1st September 2008 and engaged in distribution and sales of healthcare and pharmaceutical products.

ii) **Servisure Nigeria Limited**: A Company incorporated in Nigeria in 17th December, 2009 and engaged in healthcare and industrial packaging.

iii) **Tydipack Nigeria Limited**: A Company incorporated in Nigeria in 14th December 2009 and engaged in distribution and sales of healthcare and pharmaceutical products.

16.1. 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.

16.2. Summary of results:	Group 2018 N'000	Subsidiaries 2018 N'000	Group 2017 N'000	Subsidiaries 2017 N'000
Revenue	**8,552,163**	**302,216**	8,056,961	212,613
Profit before tax	**817,911**	**(31,874)**	861,145	(14,832)
Current tax expense	**(475,226)**	**-**	(234,757)	(5,730)
Profit from continuing operations	**342,684**	**(31,874)**	626,388	(20,563)
Profit/(loss) for the year from discontinued operations	**242,514**	**-**	(289,768)	-
Total comprehensive (loss)/income	**585,198**	**(31,874)**	336,620	(20,563)
Depreciation	**390,666**	**60,892**	387,967	60,712
Summary of financial position:				
Property, plant and equipment	**3,504,599**	**5,247**	3,651,101	3,698
Other non-current assets	**1,271,889**	**57,996**	1,004,592	37,245
Current assets	**3,359,833**	**53,505**	3,745,051	6,088
Current liabilities	**3,462,046**	**54,234**	3,305,520	29,926
Net current assets/(liabilities)	**(102,212)**	**(730)**	439,531	(23,838)
Non current liabilities	**1,022,630**	**2,885**	1,805,717	2,061
Share capital and premium	**2,062,622**	**3,000**	2,116,094	3,000
Retained earnings/(loss)	**1,589,025**	**(56,364)**	1,173,412	(59,448)
Other comprehensive income reserve	**-**	**-**	-	-
Shareholders' funds	**3,651,647**	**(53,364)**	3,289,506	(56,448)
Summary of cash flows:				
Net cash from operating activities	**1,900,056**	**42,794**	843,730	59
Net cash from investing activities	**278,922**	**(5,763)**	(42,809)	-
Net cash used in financing activities	**(1,744,005)**	**-**	(1,096,226)	-
Cash and cash equivalents at 1 January	**82,253**	**18,231**	377,558	103
Cash and cash equivalents at 31 December	**517,226**	**55,262**	**82,253**	162

		Group		Company	
		2018	2017	**2018**	2017
		N'000	N'000	**N'000**	N'000
17.	**Deposits for investments**				
	At 1 January	**-**	245,325	**-**	245,325
	Movement in the year (Note 17.1)	**-**	(15,325)	**-**	(15,325)
	Transferred to Investment in Joint Ventures (Note 17.2)	**-**	(230,000)	**-**	(230,000)
	At 31 December	**-**	-	**-**	-

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.

(a) 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 Nigeria Plc is to have 51% interest in the Company while the Federal Government of Nigeria is to have 49%.

17.2 Investment in Joint Ventures

This investment is accounted using equity method in these consolidated financial statements.
Details of the Group's material Joint Ventures at the end of the year is as follows:

Nature of Joint Ventures	Principal activities	Place of Incorporation of operation	Held by (Units) In thousand	% voting power
JV Biovaccine Nigeria Ltd	Production, sales and distribution of human vaccines	Nigeria	51,000	51%

17.2.a Summarised financial information of Joint Venture

The summarised financial information below represents amounts shown in the Joint Venture’s financial statements.

	2018	2017
	N'000	N'000
Biovaccine Nigeria Limited		
Current assets	**717,460**	1,631
Non-current assets	**1,593,743**	1,587,739
Current liabilities	**(1,467,687)**	(638,108)
Non-current liabilities	**-**	-
The following amounts have been included in the amounts above:		
Cash and cash equivalents	**66,175**	1,631
Current financial liabilities(excluding trade and other payables and provisions)	**(1,273,393)**	(630)
Non-current financial liabilities(excluding trade and other payables and provisions)	**-**	-

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		Group		Company	
		2018	2017	**2018**	2017
		N'000	N'000	**N'000**	N'000
	Revenue	**-**	-	**-**	-
	Loss from continuing operations	**(107,836)**	(67,147)	**(107,836)**	(67,147)
	Profit or loss net of tax from discontinued operations	**-**	-	**-**	-
	Loss for the year	**(107,836)**	(67,147)	**(107,836)**	(67,147)
	Other comprehensive income for the year	**-**	-	**-**	-
	Total comprehensive loss for the year	**(107,836)**	(67,147)	**(107,836)**	(67,147)
	The following amounts have been included in the amounts above:				
	Depreciation	**(14,928)**	-	**(14,928)**	-
	Interest income	**-**	-	**-**	-
	Interest expense	**(18)**	-	**(18)**	-
	Income tax expense	**-**	-	**-**	-
	Dividends received from the joint venture during the year	**-**	-	**-**	-
17.2.b	**Reconciliation of the summarised financial information to the carrying amount of the interest in the joint venture recognised in the Group's financial statements**				
	Net assets of the joint venture	**843,516**	951,262	**843,516**	951,262
	Proportion of the Group's ownership interest in the joint ventures	**51%**	51%	**51%**	51%
	Gross amount of the Group's interest in the joint venture	**430,193**	485,144	**430,193**	485,144
	Revaluation gain on landed property	**-**	80,000	**-**	80,000
	Amount payable to Biovaccine Nigeria Limited	**862,448**	440,046	**896,693**	440,046
	Share of accumulated loss from the joint ventures in the year	**(54,996)**	(34,245)	**-**	-
	Carrying amount of the Group's interest in the joint venture	**1,237,645**	970,944	**1,326,886**	1,005,189

17.2.c There are no contingent liabilities or capital commitments related to the Group's investment in associates or the joint venture.

	Group		Company	
	2018	2017	**2018**	2017
	N'000	N'000	**N'000**	N'000
18. Inventories				
Raw materials	**277,404**	429,963	**276,805**	428,778
Packaging materials	**376,785**	555,462	**359,639**	536,272
Work-in-progress	**164,992**	88,958	**164,963**	88,958
Finished goods	**616,652**	353,394	**503,101**	244,770
Spare parts	**138,596**	161,499	**138,596**	161,499
Consumables	**20,844**	9,213	**20,844**	9,213
	1,595,274	1,598,490	**1,463,949**	1,469,491

(a) Inventories value of N978.6 million were carried at net realisable value. There are no inventories pledge as securities for liabilities. The Group expects to consume all inventory existing at the reporting date within twelve months thereafter.

(b) Inventory consumed within the year included in costs of sale amounted to Group N4.9 billion (2017 : N3.7 billion) while company N4.7 billion (2017 : N3.6 billion).

	Group		Company	
	2018	2017	**2018**	2017
	N'000	N'000	**N'000**	N'000
19. Trade and other receivables				
Trade receivables (Note 19.1)	**1,653,518**	916,706	**1,592,611**	872,575
Less: allowance for doubtful debts (Note 19.3)	**(399,557)**	(275,296)	**(391,785)**	(263,359)
	1,253,961	641,410	**1,200,825**	609,216
Other receivables				
Staff loans and advances	**236,645**	229,637	**218,140**	210,122
Receivable from related parties(Note 19.4a)	**-**	-	**207,717**	234,408
Withholding tax recoverable	**75,304**	60,876	**59,904**	58,902
Refundable deposits to suppliers	**4,781**	12,221	**4,781**	12,221
VAT asset, ITF & Insurance claim	**4,563**	2,026	**4,563**	2,026
Sundry Debtors	**47,900**	4,309	**47,900**	4,638
	369,193	309,069	**543,005**	522,317
Less: allowance for doubtful debts(Note 19.4)	**(278,302)**	(186,660)	**(260,876)**	(175,062)
Total other receivables	**90,891**	122,409	**282,129**	347,255
Total trade and other receivables	**1,344,852**	763,819	**1,482,954**	956,471

19.1 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. In line with the provisions of IFRS 9 on financial instruments, the Company has developed an impairment matrix on all its trade receivables.

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.

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.

		Group		Company	
		2018	2017	**2018**	2017
		N'000	N'000	**N'000**	N'000
19.2	Ageing of past due receivables:				
	0 - 30 days	**485,580**	207,060	**485,580**	195,073
	31 - 60 days	**283,286**	82,091	**283,286**	75,883
	61 - 90 days	**35,312**	55,112	**35,312**	41,112
	91 - 360 days	**426,246**	297,148	**426,246**	297,148
	Over 360 days (Note 20.2a)	**423,094**	275,295	**362,187**	263,359
	Total	**1,653,518**	916,706	**1,592,611**	872,575

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.

		Group		Company	
		2018	2017	**2018**	2017
		N'000	N'000	**N'000**	N'000
19.3	**Movement in the allowance for doubtful debts -trade receivables**				
	At 1 January	**275,296**	261,215	**263,359**	249,795
	Adjustment on initial application of IFRS 9 (net of tax)	**4,967**	-	**4,967**	-
	Impairment losses recognised (Note 8)	**171,924**	43,323	**177,752**	35,470
	Bad debt written off in the year	**5,828**	(29,243)	-	(21,906)
	Amounts recovered during the year	**(58,458)**	-	**(54,293)**	-
	At 31 December	**399,557**	275,296	**391,785**	263,359

19.3a The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value

19.3	**Movement in the allowance for doubtful debts -other receivables**				
	At 1 January	**186,660**	172,106	**175,062**	164,944
	Adjustment on initial application of IFRS 9 (net of tax)	**3,516**	-	**3,516**	-
	Impairment losses recognised (Note 8)	**88,126**	14,554	**82,298**	10,118
	At 31 December	**278,302**	186,660	**260,876**	175,062

19.4 Receivables from related parties

The group has receivables/payables from related parties. These related parties are not part of the group but they are related in one way or the other. The bulk of these amounts do not arise from trade activities but usually from shared costs and other reimbursable.

19.4a The aggregate value of transactions and outstanding balances relating to these entities were as follows:

Related Parties	Nature of Transactions	Relationship	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Receivable from related parties:						
Osworth Trading Co. Ltd.	Shared costs	Subsidiary	-	-	**190,308**	220,542
Servisure Nig. Ltd.	Shared costs	Subsidiary	**-**	-	**13,480**	11,696
Tydipacks Nig. Ltd.	Shared costs	Subsidiary	**-**	-	**3,929**	2,170
Total receivable from related parties			**-**	-	**207,717**	234,408
Payable to related party:						
Biovaccines Nigeria Limited	Trading activitie	Joint venture	**(605,696)**	(768,853)	**(605,696)**	(768,853)
Net related parties amount			**(605,696)**	(768,853)	**(397,979)**	(534,446)

		Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
20.	**Other assets**				
	Advance payment to suppliers(Note 20.1)	**60,333**	769,395	**60,333**	727,580
	Prepayments	**90,419**	109,942	**86,897**	100,247
		150,751	879,337	**147,229**	827,826

20.1 This represents amounts deposited awaiting supply of goods from the Suppliers.

		Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
21.	**Cash and cash equivalent as per statement of financial position**				
	Cash in hand	**225,660**	91,509	**168,899**	91,509
	Cash at bank(Note 21.2)	**7,993**	349,176	**7,993**	330,945
	Short term deposits	**35,304**	62,722	**35,304**	62,722
		268,957	503,406	**212,196**	485,175
21.1	Bank overdraft used for cash management (Note 25a)	**(786,183)**	(585,660)	**(786,183)**	(585,660)
	Cash and cash equivalent as per statement of cashflow	**(517,226)**	(82,254)	**(573,987)**	(100,485)

a} Restricted cash

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

b} 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:

21.2 Included in the amount was Nil (31 December 2017 : N42.5 million) dormant current account with bank above 360 days, which has been fully impaired.

		Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
22.	**Share capital**				
	Authorised:				
	3,800,000,000 ordinary shares of 50kobo each	**1,900,000**	1,900,000	**1,900,000**	1,900,000
22.1	**Issued and fully paid:**				
	980,000,000 ordinary shares of 50 kobo each	**490,000**	490,000	**490,000**	490,000
	At 31 December	**490,000**	490,000	**490,000**	490,000

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		Group		Company	
		2018	2017	**2018**	2017
		N'000	N'000	**N'000**	N'000
22.2	**Share premium**				
	At 1 January	**1,626,094**	1,626,094	**1,626,094**	1,626,094
	Share issue expenses (Note 22.2.1)	**(53,472)**	-	**(53,472)**	-
	At 31 December	**1,572,622**	1,626,094	**1,572,622**	1,626,094
22.2.1	This represents premium on the shares issued.				
23.	**Retained earnings**				
	At 1 January	**1,173,412**	895,592	**1,232,859**	934,477
	Adjustment on initial application of IFRS 9 (net of tax)	**(7,830)**	-	**(8,543)**	-
	Profit for the year	**585,198**	336,620	**617,072**	357,182
	Share of loss joint ventures not previously recognised	**-**	-	**-**	-
	Prior year dividend declared and paid	**(196,000)**	(58,800)	**(196,000)**	(58,800)
	At 31 December	**1,554,780**	1,173,412	**1,645,389**	1,232,859
23.1	All the profit of the Group is attributable to Owners of the Parents as there are no non-controlling interests.				
24.	**Other comprehensive income reserves**				
	At 1 January	**-**	-	**-**	-
	Remeasurement of defined benefit obligation (Note 26.3)	**-**	-	**-**	-
	At 31 December	**-**	-	**-**	-
25.	**Loans and borrowings**				
	a. Secured amounts:				
	Bank overdrafts (Note 25.3i)	**786,183**	585,660	**786,183**	585,660
	Term loans:				
	- TY Holdings (Note 25.3ii)	**-**	416,594	**-**	416,594
	- Bank of Industry 1 (Note 25.3iii)	**164,172**	432,725	**164,172**	432,725
	- Bank of Industry 2 (Note 25.3iii)	**426,881**	830,485	**426,881**	830,485
	- CBN Intervention fund (Note 25.3iv)	**123,013**	193,162	**123,013**	193,162
	- Motor vehicle lease (Note 25.3v)	**-**	4,360	**-**	4,360
	Total borrowed fund	**1,500,249**	2,462,987	**1,500,249**	2,462,987

	Group		Company	
	2018	2017	**2018**	2017
	N'000	N'000	**N'000**	N'000
25.1 All the borrowings were obtained in naira, the functional currency of the Group. The principal features of the Company's borrowings are described below:				
b. Analysis by maturity:				
Current-due within 1 year as follows:				
Bank overdrafts	**786,183**	585,660	**786,183**	585,660
Term loans - TY Holdings	**-**	60,653	**-**	60,653
Term loans - Bank of Industry 1	**469,069**	612,313	**469,069**	612,313
Term loans - Bank of Industry 2	**121,984**	-	**121,984**	-
Term loans - CBN Intervention fund	**70,000**	70,000	**70,000**	70,000
Term loans - Motor vehicle lease	**-**	4,360	**-**	4,360
Total current borrowed fund	**1,447,236**	1,332,986	**1,447,236**	1,332,986
Non-current-due after 1 year as follows:				
Term loans-TY Holdings	**-**	355,941	**-**	355,941
Term loans- Bank of Industry 1	**-**	650,897	**-**	650,897
Term loans- Bank of Industry 2	**-**	-	**-**	-
Term loans-CBN Intervention fund	**53,013**	123,162	**53,013**	123,162
Payable to related party - Biovaccines Nig Ltd	**300,000**	-	**300,000**	-
Total non-current borrowed fund	**353,013**	1,130,000	**353,013**	1,130,000
Total borrowed fund	**1,800,249**	2,462,986	**1,800,249**	2,462,986
25.2 Movement in borrowings other than overdraft				
At 1 January	**1,877,327**	2,402,620	**1,877,327**	2,402,620
Repayments of loans and borrowings	**(863,260)**	(525,293)	**(863,260)**	(525,293)
At 31 December	**1,014,067**	1,877,327	**1,014,067**	1,877,327

25.3 Summary of borrowing arrangements

i) Bank overdrafts

The Bank Overdrafts 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) 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. The outstanding balance has been fully repaid in 2018.

iii) 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.

iv) 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.

v) FCMB facility

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

26. Post employment benefits

i. The Group operates a contributory pension scheme of 18% where both employer and employee contribute 11% and 7% respective of the gross emolument. Also management put in place gratuity for staff that have been in the employment of the company for a minimum of five (5) years and a long service grant.

ii. The defined benefit scheme is unfunded with no assets specifically set aside to meet obligations as at when due. Funds are retained in the Group's business to meet due obligations.

		Group		Company	
		2018	2017	**2018**	2017
		N'000	N'000	**N'000**	N'000
26.1	**Statement of financial position**				
a.	Defined contribution schemes (Note 26.2)	**23,913**	24,542	**23,913**	24,423
b.	Defined benefit obligation schemes (Note 26.3)	**100,018**	78,917	**98,372**	78,095
	Total amount presented in the statement of financial position	**123,931**	103,459	**122,285**	102,518
26.2	**Movement in defined contribution scheme:**				
	At 1 January	**24,542**	71,288	**24,423**	71,288
	Deducted in the year	**46,592**	47,111	**46,592**	44,944
	Remitted in the year	**(47,220)**	(93,857)	**(47,102)**	(91,809)
	At 31 December	**23,913**	24,542	**23,913**	24,423
26.3	**Movement in benefit obligation scheme:**				
	At 1 January	**78,917**	123,244	**78,095**	123,244
	Current service cost	**31,774**	26,754	**31,774**	25,931
	Interest cost	**-**	-	**-**	-
	Remeasurement of defined benefit obligation (Note 24)	**-**	-	**-**	-
	Benefits paid	**(10,673)**	(71,081)	**(11,497)**	(71,080)
	At 31 December	**100,018**	78,917	**98,372**	78,095
26.4	**The present value of the liabilities of the scheme**				
	The amount included in the statement of financial position arising from the Group's obligation in respect of its defined benefit scheme is as follows:				
	Gratuity	**100,018**	78,917	**98,372**	78,095

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.

		Group		Company	
		2018	2017	**2018**	2017
		N'000	N'000	**N'000**	N'000
27.	**Trade and other payables**				
	Trade creditors (Note 27a)	**426,822**	574,807	**379,593**	572,465
	Other payables:				
	Payables to related party (Note 19.4a)	**605,696**	768,853	**605,696**	768,853
	Accruals	**101,859**	199,805	**98,571**	199,455
	National Housing Fund (Note 27b)	**524**	524	**524**	524
	Industrial Training Fund Levy (Note 27.b)	**3,709**	-	**3,709**	-
	Nigeria Social & Industrial Training Fund (Note 27.b)	**3,106**	3,864	**3,106**	323
	Unclaimed dividends (Note 27.c)	**134,478**	121,886	**134,478**	12,188
	Co-operative liabilities	**12,182**	38,302	**12,182**	18,293
	Distributors Refundable Deposit	**241**	300	**241**	300
	Value added tax liabilities (Note 27.b)	**3,414**	6,596	**3,036**	657
	Withholding tax liabilities (Note 27.b)	**109,796**	95,976	**109,062**	95,809
	Pay-As-You-Earn liabilities (Note 27.b)	**43,223**	41,103	**43,223**	4,061
	Staff Welfare Liabilities	**6,774**	-	**6,774**	-
	Union Dues	**380**	697	**380**	42
	Other payables	**2,648**	-	**41**	-
		1,028,030	1,277,906	**1,021,023**	1,255,971
		1,454,852	1,852,713	**1,400,616**	1,828,436

27.ai 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.

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

27b. Statutory liabilities such as VAT, WHT, PAYE, NHF,ITF, NSITF are expected to be settled in line with the relevant laws/regulations setting them up. With the exception of ITF which is payable yearly, the rest are payable monthly. The entity has defaulted in remitting VAT on a monthly basis and expects future liabilities arising from penalties from the tax authorities.

27c. These represents the total unclaimed dividend pool to several shareholders as at 31 December 2018. The amounts have been invested in line with the provisions of the Investment and Securities Act 2007.

		Group		Company	
		2018	2017	**2018**	2017
		N'000	N'000	**N'000**	N'000
28.	**Deferred income**				
	Deferred government grant income (Note 28.1)	**23,843**	30,392	**23,843**	30,392
		23,843	30,392	**23,843**	30,392

28.1 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 N8,447,000 was realized into the income statement.

29. Guarantees and other financial commitments

Charges on asset

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

Capital expenditure

Capital expenditure authorised by the Directors but not contracted was Nil (Dec 2017 : 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.

30. Contingent liabilities

There were no contingent liabilities resulting from litigations at 31 December 2018 (December 2017 : Nil).
Appropriate provision has been made in these consolidated financial statements for likely liabilities arising from these cases.

31. Related party information

31.1 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.

Key management personnel

The Key management personnel 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
Dr. Edugie Abebe	Non-Executive Director
Chukuka S. Chukutem	Executive Director
Ayodeji S. Aboderin	Executive Director
Valentine C. Okelu	Executive Director
Mrs. Gladys H. Umoh	Head, Human Capital Division
Godwin O. Obiakor	Head, Internal Control, Risk/Compliance
Mrs. Yetunde O. Adigun	Head, Pharma Plant Manufacturing Divisiom

31.2 Related party transactions

Balances and transactions between the company and its subsidiaries which are related 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.

31.3 Related party transactions

The Group's related party transactions are with Osworth Trading Co. Limited, Servisure Nigeria Limited, Tydiacks Nigeria Limited & Biovaccines Nigeria Limited. At 31 December 2018, the total invoices to and fro the related parties are analysed below:

	Osworth Trading Co. Ltd. N'000	Servisure Nig. Ltd. N'000	Tydipacks Nig. Ltd. N'000	Biovaccines Nig. Ltd. N'000	Total N'000
2018					
Group to the related parties	-	**-**	**-**	**(605,696)**	**(605,696)**
Related parties invoices to the Group	**190,308**	**13,480**	**3,929**	**(605,696)**	**(397,979)**
2017					
Group to the related parties	-	-	-	(768,853)	(768,853)
Related parties invoices to the Group	220,542	11,696	2,170	(768,853)	(534,446)

31.4 Loans to related parties

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

31.5 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. The facility has been fully liquidated in 2018.

31.6 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.

	Group		Company	
	2018	2017	**2018**	2017
	N'000	N'000	**N'000**	N'000
Directors remuneration				
Directors fees	**2,650**	2,650	**2,650**	2,650
Salaries and allowances	**90,433**	44,910	**90,433**	74,825
	93,083	47,560	**93,083**	77,475

	The Group		The Company	
	2018	2017	**2018**	2017
	₦'000	₦'000	**₦'000**	₦'000
31.7a Staff costs				
The aggregate employee remuneration is as follows:				
Salaries and wages	**600,251**	594,799	**573,628**	578,512
Staff pension and gratuity	**78,366**	73,864	**78,366**	70,875
	678,617	668,663	**651,994**	649,387

31.7b Employees remunerated at a higher rates

The number of employees excluding Directors in respect of emoluments excluding provident fund contributions and allowances:

N		N	The Group 2018	The Group 2017	The Company 2018	The Company 2017
250,001	-	300,000	**-**	-	**-**	-
300,001	-	350,000	**-**	3	**-**	2
350,001	-	400,000	**4**	35	**4**	35
400,001	-	450,000	**28**	38	**28**	38
450,001	-	500,000	**22**	22	**22**	22
500,001	-	550,000	**16**	49	**16**	42
550,001	-	600,000	**48**	15	**39**	15
600,001	-	650,000	**4**	32	**3**	32
650,001	-	600,000	**27**	32	**26**	32
700,001	and above		**113**	78	**108**	74
			262	304	**246**	292

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

	The Group 2018	The Group 2017	The Company 2018	The Company 2017
Managerial	**15**	20	**14**	19
Senior staff	**157**	177	**142**	166
Junior staff	**90**	107	**90**	107
	262	304	**246**	292

32 Financial instruments

32.1 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:

	Group	
	2018	2017
	₦'000	₦'000
Gearing ratio		
The gearing ratio is as follows:		
Net debt		
Debt	**1,500,249**	2,462,987
Cash and cash equivalents	**(268,957)**	(503,406)
Net debt	**1,231,292**	1,959,580
Equity		
Ordinary shares	**490,000**	490,000
Share premium	**1,572,622**	1,626,094
Retained earnings	**1,589,025**	1,173,412
	3,651,647	3,289,506
Net debt to equity ratio	**0.34**	0.60

Debt is defined as current and non-current borrowings (as described in Note 25).
Equity includes all capital and reserves of the Group that are managed as capital.

32.2a Categories of financial instruments-Group

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

31 December 2018	Carrying amount				
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non-financial N'000	Total N'000
Asset					
Property, plant and equipment	**-**	**-**	**-**	**3,504,599**	**3,504,599**
Intangible assets	**-**	**-**	**-**	**-**	**-**
Investment in Joint Venture				**1,237,645**	**1,237,645**
Inventories	**-**	**-**	**-**	**1,595,274**	**1,595,274**
Trade and other receivables	**1,253,961**	**-**	**-**	**90,891**	**1,344,852**
Other assets	**-**	**-**	**-**	**150,751**	**150,751**
Cash and cash equivalents	**268,957**	**-**	**-**	**-**	**268,957**
	1,522,917	**-**	**-**	**6,579,160**	**8,102,077**

	Carrying amount			
	Amortised cost N'000	FVTPL N'000	Non-financial N'000	Total N'000
Liabilities				
Loans and borrowings	**1,500,249**	**-**	**-**	**1,500,249**
Post employment benefits - defined benefits	**-**	**-**	**123,931**	**123,931**
Deferred tax liabilities	**-**	**-**	**869,599**	**869,599**
Trade and other payables	**-**	**-**	**1,754,852**	**1,754,852**
Current tax liabilities	**-**	**-**	**212,202**	**212,202**
Deferred income	**-**	**-**	**23,843**	**23,843**
	1,500,249	**-**	**2,984,427**	**4,484,676**

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

31 December 2017	Carrying amount				
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non-financial N'000	Total N'000
Asset					
Property, plant and equipment	-	-	-	3,651,101	3,651,101
Intangible assets	-	-	-	33,648	33,648
Investment in Joint Venture				970,944	970,944
Inventories	-	-	-	1,598,490	1,598,490
Trade and other receivables	641,410	-	-	122,409	763,819
Other assets	-	-	-	879,337	879,337
Cash and cash equivalents	503,406	-	-	-	503,406
	1,144,817	-	-	7,255,928	8,400,745

	Carrying amount			
	Amortised cost N'000	FVTPL N'000	Non-financial N'000	Total N'000
Liabilities				
Loans and borrowings	2,462,986	-	-	2,462,986
Post employment benefits - defined benefits	-	-	103,459	103,459
Deferred tax liabilities	-	-	596,800	596,800
Trade and other payables	-	-	1,852,712	1,852,712
Current tax liabilities	-	-	64,889	64,889
Deferred income	-	-	30,392	30,392

2,462,986	-	2,648,252	5,111,237

32.2b Categories of financial instruments-the Company

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

31 December 2018	Carrying amount				
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non-financial N'000	Total N'000
Asset					
Property, plant and equipment	-	-	-	3,499,352	3,499,352
Intangible assets	-	-	-	-	-
Investment in subsidiaries	-	-	-	3,000	3,000
Investment in Joint Venture	-	-	-	1,326,886	1,326,886
Inventories	-	-	-	1,463,949	1,463,949
Trade and other receivables	1,200,825	-	-	282,129	1,482,954
Other assets	-	-	-	147,229	147,229
Cash and cash equivalents	212,196	-	-	-	212,196
	1,413,022	-	-	6,722,545	8,135,567

	Carrying amount			
	Amortised cost N'000	FVTPL N'000	Non-financial N'000	Total N'000
Liabilities				
Loans and borrowings	1,500,249	-	-	1,500,249
Post employment benefits - defined benefits	-	-	122,285	122,285
Deferred tax liabilities	-	-	868,360	868,360
Trade and other payables	-	-	1,700,618	1,700,618
Current tax liabilities	-	-	212,202	212,202
Deferred income	-	-	23,843	23,843
	1,500,249	-	2,927,307	4,427,556

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

31 December 2017	Carrying amount				
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non-financial N'000	Total N'000
Asset					
Property, plant and equipment	-	-	-	3,647,403	3,647,403
Intangible assets	-	-	-	33,648	33,648
Investment in subsidiaries	-	-	-	3,000	3,000
Investment in Joint Venture	-	-	-	1,005,189	1,005,189
Inventories	-	-	-	146,949	146,949
Trade and other receivables	60,921	-	-	347,255	956,471
Other assets	-	-	-	827,826	827,826
Cash and cash equivalents	48,517	-	-	-	48,517
	109,439	-	-	733,381	842,820

	Carrying amount			
	Amortised cost N'000	FVTPL N'000	Non-financial N'000	Total N'000
Liabilities				
Loans and borrowings	2,462,986	-	-	2,462,986
Post employment benefits - defined benefits	-	-	102,518	102,518
Deferred tax liabilities	-	-	595,561	595,561
Trade and other payables	-	-	1,828,436	1,828,436
Current tax liabilities	-	-	59,357	59,357
Deferred income	-	-	30,392	30,392
	2,462,986	-	2,616,264	5,079,250

32.3. 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.

32.4. 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.

	Group and Company	
	2018	2017
	₦'000	₦'000
Exposure to foreign currency		
Bank account:		
- in US Dollars	**1,307**	14,065
- in Euros	**1,335**	1,335
- in GBP	**154**	154
	2,796	15,554

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

32.5. 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.

	Group		Company	
	2018	2017	**2018**	2017
	N'000	N'000	**N'000**	N'000
Exposure to credit risk				
Trade receivables	**1,653,518**	916,706	**1,592,611**	872,575
Other receivables	**369,193**	309,069	**543,005**	522,317
Bank balances	**268,957**	503,406	**212,196**	485,175
	2,291,668	1,729,181	**2,347,812**	1,880,068

32.5.1 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.

32.5.2 Other receivables

This is mainly from due from related companies ,staff loans, Witholding tax recoverable, Sundry debtors and others. The Group's financial controller continuously monitors and reviews the receivables.

32.5.3 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 Executive 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.

32.6 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.

33a. 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
2018				
Financial assets				
Trade receivables	**804,178**	**426,246**	**423,094**	**1,653,518**
Other receivables	**369,193**	**-**	**-**	**369,193**
Cash and cash equivalent	**268,957**	**-**	**-**	**268,957**
	1,442,328	**426,246**	**423,094**	**2,291,668**
Financial liabilities				
Trade payables	**426,822**	**-**	**-**	**426,822**
Other payables	**559,161**	**-**	**768,854**	**1,328,015**
Term loans	**661,053**	**-**	**353,013**	**1,014,066**
Bank overdrafts	**786,183**	**-**	**-**	**786,183**
	2,433,219	**-**	**821,867**	**3,555,086**
2017				
Financial assets				
Trade receivables	344,263	297,148	275,295	916,706
Other receivables	309,069	-	-	309,069
Cash and cash equivalent	503,406	-	-	503,406
	1,156,738	297,148	275,295	1,729,181
Financial liabilities				
Trade payables	574,807	-	-	574,807
Other payables	509,051	-	768,854	1,277,905
Term loans	747,326	-	1,130,000	1,877,326
Bank overdrafts	585,660	-	-	585,660
	2,416,844	-	1,898,854	4,315,698

33b. 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
2018				
Financial assets				
Trade receivables	**804,178**	**426,246**	**362,187**	**1,592,611**
Other receivables	**543,005**	**-**	**-**	**543,005**
Cash and cash equivalent	**212,196**	**-**	**-**	**212,196**
	1,559,379	**426,246**	**362,187**	**2,347,812**
Financial liabilities				
Trade payables	**379,593**	**-**	**-**	**379,593**
Other payables	**217,093**	**-**	**1,103,891**	**1,320,984**
Term loans	**661,053**	**-**	**353,013**	**1,014,066**
Bank overdrafts	**786,183**	**-**	**-**	**786,183**
	2,043,922	**-**	**1,156,904**	**3,500,825**
2017				
Financial assets				
Trade receivables	269,518	297,148	305,909	872,575
Other receivables	522,317	-	-	522,317
Cash and cash equivalent	485,175	-	-	485,175
	1,277,010	297,148	305,909	1,880,067
Financial liabilities				
Trade payables	572,465	-	-	572,465
Other payables	487,117	-	768,854	1,255,971
Term loans	747,326	-	1,130,000	1,877,326
Bank overdrafts	585,660	-	-	585,660
	2,392,568	-	1,898,854	4,291,422

34. 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.

35. Major suppliers

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

Local

Providence Ass. Ind. Limited
Bentos Pharmaceutical Products Ltd
Dangote Sugar Refinery Plc
Prima Corporation Limited
Sankil Pharmaceutical Ltd
Geokev Company Nigeria Ltd

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.

MAY AND BAKER NIGERIA PLC

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Other National Disclosures

MAY AND BAKER NIGERIA PLC

CONSOLIDATED STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2018

	The Group				The Company			
	2018		2017		**2018**		2017	
	₦'000	%	₦'000	%	**₦'000**	%	₦'000	%
Revenue	**8,552,163**		8,056,961		**8,249,947**		7,844,348	
Other operating income	**289,571**		58,177		**288,219**		58,177	
Investment income	**-**		-		**-**		17	
Interest income	**289**		29,875		**289**		29,875	
Other gains and losses	**1,712**		4,001		**1,712**		3,651	
	8,843,735		8,149,014		**8,540,167**		7,936,068	
Bought-in-materials and services:								
- Imported	**(6,364,249)**		(381,270)		**(6,033,020)**		(213,656)	
- Local	**-**		(4,930,015)		**-**		(4,910,057)	
Value added	**2,479,486**	**100**	2,837,730	100	**2,507,148**	**100**	2,812,355	100
Applied as follows:								
To employees:								
Salaries, wages and other benefits	**893,918**	**36**	1,002,625	35	**893,918**	**36**	968,781	34
To Government:								
Income tax	**202,428**	**8**	55,472	2	**202,428**	**8**	49,916	2
To pay providers of capital:								
Finance charges	**339,719**	**13**	512,133	18	**339,719**	**14**	511,354	18
To provide for maintenance of fixed assets:								
- Depreciation and amortization	**427,938**	**17**	461,827	16	**423,725**	**17**	456,243	16
- Deferred taxation	**272,799**	**11**	179,285	6	**272,799**	**11**	179,111	6
- Profit and loss account	**342,684**	**14**	626,388	22	**374,559**	**15**	646,950	23
Value added	**2,479,486**	**100**	2,837,730	100	**2,507,148**	**100**	2,812,355	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	**2018**	2017	2016	2015	2014
	₦'000	N'000 Restated	N'000	N'000	N'000
Assets/liabilities					
Property, plant and equipment	**3,504,599**	3,651,101	3,987,172	4,300,147	4,279,019
Intangible assets	**-**	33,648	67,296	67,296	67,296
Investment in Joint Venture	**1,237,645**	970,944	-	-	-
Deposit for investment	**-**	-	245,325	245,325	245,325
Net current assets	**(102,212)**	439,531	1,183,765	114,360	354,706
Non current liabilities	**(1,022,630)**	(1,805,717)	(2,471,872)	(1,615,548)	(1,853,800)
Net assets	**3,617,402**	3,289,507	3,011,686	3,111,580	3,092,546
Capital and reserves					
Share capital	**490,000**	490,000	490,000	490,000	490,000
Share premium	**1,572,622**	1,626,094	1,626,094	1,626,094	1,626,094
Retained earnings	**1,554,780**	1,173,412	895,592	995,486	976,453
Other comprehensive income reserve	**-**	-	-	-	-
Shareholders fund	**3,617,402**	3,289,506	3,011,686	3,111,580	3,092,547
Statement of profit or loss and other comprehensive income					
Turnover	**8,552,163**	8,056,961	8,469,359	7,568,466	7,018,992
Profit before taxation	**817,911**	861,145	345,939	142,397	101,173
Taxation	**(475,226)**	(234,757)	(387,033)	(74,364)	(37,833)
Profit/(loss) after taxation	**342,684**	626,388	(41,094)	68,033	63,340
Per share data (kobo)					
Earnings/(loss) - basic	**24.75**	(29.57)	(4.19)	6.94	6.46
Net assets	**372.62**	335.66	307.31	317.51	315.57

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	2018	2017	2016	2015	2014
	₦'000	N'000	N'000	N'000	N'000
		Restated			
Assets/liabilities					
Property, plant and equipment	**3,499,352**	3,647,403	3,977,987	4,287,425	4,270,652
Intangible assets	**-**	33,648	67,296	67,296	67,296
Investment in subsidiaries	**3,000**	3,000	3,000	3,000	3,000
Investment in Joint Venture	**1,326,886**	1,005,189	-	-	-
Deposit for investment	**-**	-	245,325	245,325	245,325
Net current assets	**(101,482)**	463,369	1,227,770	169,520	419,013
Non current liabilities	**(1,019,744)**	(1,803,656)	(2,470,807)	(1,614,483)	(1,852,735)
Net assets	**3,708,010**	3,348,954	3,050,571	3,158,083	3,152,551
Capital and reserves					
Share capital	**490,000**	490,000	490,000	490,000	490,000
Share premium	**1,572,622**	1,626,094	1,626,094	1,626,094	1,626,094
Retained earnings	**1,645,389**	1,232,859	934,477	1,041,989	1,036,457
Other comprehensive income reserve	**-**	-	-	-	-
Shareholders fund	**3,708,011**	3,348,953	3,050,571	3,158,083	3,152,551
			-		
Statement of profit or loss and other comprehensive income					
Turnover	**8,249,947**	7,844,348	8,304,215	7,415,203	6,899,496
Profit before taxation	**849,785**	875,977	337,670	127,325	127,931
Taxation	**(475,226)**	(229,027)	(386,382)	(72,793)	(34,766)
Profit/(loss) after taxation	**374,559**	646,950	(48,712)	54,532	93,165
Per share data (kobo)					
Earnings/(loss) - basic	**24.75**	(29.57)	(4.97)	5.56	9.51
Net assets per share	**378.37**	341.73	311.28	322.25	321.69

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

For management use only

MAY AND BAKER NIGERIA PLC

DETAILED ANALYSIS OF EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018	2017	**2018**	2017
	N'000	N'000	**N'000**	N'000
Costs of sales				
Direct material costs:				
Direct materials	**5,101,749**	5,337,861	**4,954,683**	5,246,040
Over direct material absorptions	**(229,608)**	(1,606,300)	**(229,608)**	(1,606,164)
Total direct material costs	**4,872,141**	3,731,561	**4,725,075**	3,639,876
Direct labour costs:				
Salaries and allowances	**193,449**	215,645	**193,449**	215,645
Contributions to pension fund scheme	**11,608**	14,077	**11,608**	14,077
Staff gratuity expenses	**9,113**	8,946	**9,113**	8,124
Training, recruitment and canteen expenses	**62,848**	84,069	**62,848**	84,069
Medical expenses	**9,796**	5,263	**9,796**	5,263
Contract manpower	**90,480**	103,432	**90,480**	103,432
Other personnel expenses	**(44,196)**	15,804	**(44,196)**	15,803
Total Direct labour costs	**333,098**	447,236	**333,098**	446,412
Direct expenses:				
Depreciation expenses	**360,220**	355,322	**360,220**	355,322
Repairs and maintenance	**120,711**	77,367	**120,711**	77,367
Fuel, diesel and utility expenses	**356,261**	495,037	**356,261**	495,037
Other production direct expenses	**(697,859)**	(287,419)	**(697,859)**	(287,555)
Total direct expenses	**139,334**	640,307	**139,334**	640,171
Factory overhead expenses:				
Registrations and licenses expenses	**4,494**	7,481	**4,494**	6,894
Research and development expenses	**1,817**	7,876	**1,817**	7,876
Insurance expenses	**20,725**	19,680	**20,725**	19,680
Stationeries expenses	**7,905**	10,432	**7,905**	10,432
Other overhead expenses	**9,462**	5,564	**9,462**	5,564
Total factory overhead expenses	**44,403**	51,033	**44,403**	50,445
Total costs of sales	**5,388,976**	4,870,137	**5,241,910**	4,776,905

MAY AND BAKER NIGERIA PLC

DETAILED ANALYSIS OF EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018	2017	**2018**	2017
	N'000	N'000	**N'000**	N'000
Distribution, sales and marketing expenses				
Salaries and allowances	**234,506**	217,042	**234,506**	206,131
Contributions to pension fund scheme	**21,003**	18,757	**21,003**	17,937
Staff gratuity expenses	**12,158**	5,925	**12,158**	5,925
Training, recruitment and canteen expenses	**10,152**	15,377	**10,152**	10,074
Medical expenses	**3,312**	3,169	**3,312**	3,154
Other personnel expenses	**17,241**	12,609	**17,241**	11,631
Depreciation expenses	**14,069**	13,555	**14,069**	9,480
Repairs and maintenances	**83,831**	76,680	**83,831**	76,661
Fuel, transport and traveling expenses	**152,319**	145,912	**152,319**	135,649
Advert and publicity	**36,469**	19,319	**36,469**	18,152
Research and development expenses	**10,745**	14,110	**10,745**	14,110
Incentives	**262,795**	236,804	**262,795**	233,006
Marketing expenses	**178,801**	101,990	**79,648**	101,990
Carriage and packing expenses	**43,242**	54,015	**43,242**	54,015
Depot expenses	**3,762**	2,870	**3,762**	2,870
Sampling expenses/free issues	**15,812**	18,105	**15,812**	18,105
Sales Representatives' fixed expenses	**36,070**	32,680	**36,070**	32,680
Others	**38,435**	54,578	**38,435**	26,224
	1,174,722	1,043,496	**1,075,569**	977,795

MAY AND BAKER NIGERIA PLC

DETAILED ANALYSIS OF EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018	2017	**2018**	2017
	N'000	N'000	**N'000**	N'000
Administrative expenses				
Salaries and allowances	**145,673**	149,057	**145,673**	141,971
Contributions to pension fund scheme	**13,981**	14,277	**13,981**	12,930
Staff gratuity expenses	**10,503**	11,882	**10,503**	11,882
Training, recruitment and canteen expenses	**18,358**	24,152	**18,358**	21,359
Medical expenses	**5,594**	5,072	**5,594**	4,877
Other personnel expenses	**47,618**	55,047	**47,618**	52,297
Depreciation expenses	**16,377**	19,089	**16,377**	18,588
Repairs and maintenances	**60,135**	23,825	**31,942**	21,442
Local and foreign transport expenses	**60,701**	**58,109**	**60,701**	**58,109**
Fuel expenses	**4,253**	**5,947**	**4,253**	**4,923**
Insurance expenses	**18,415**	10,402	**18,415**	10,402
Licensing/registration	**1,514**	5,843	**1,514**	5,843
Director's emolument and expenses	**90,433**	44,910	**90,433**	44,910
Director's fees	**2,650**	2,650	**2,650**	2,650
Advert and publicity	**7,534**	8,680	**7,534**	8,680
Public relation and social responsibilities	**4,724**	7,688	**4,724**	7,688
Subscription and dues	**19,297**	17,880	**19,297**	17,629
Audit fees	**10,700**	10,700	**10,000**	10,000
Legal and professional charges	**33,804**	37,746	**30,856**	34,431
Printing and stationery	**10,267**	13,202	**10,267**	13,172
Printed and promotional materials	**920**	2,928	**920**	2,255
Security expenses	**22,613**	23,904	**22,613**	23,904
Telephone and postages expenses	**3,193**	4,442	**3,193**	3,439
Exchange loss	**-**	51,296	**-**	53,857
Impairment on trade and other receivable	**260,050**	43,323	**260,050**	35,470
Impairment on bank balances	**-**	39,154	**-**	36,770
Impairment on dormant inventory items	**30,777**	-	**30,777**	-
Company Secretary and AGM expenses	**11,438**	7,837	**11,438**	7,837
Admininistrative and management expenses	**20,969**	24,393	**20,969**	23,249
Electricity and generator expenses	**23,745**	1,492	**23,745**	1,492
Bank charges and commissions	**27,999**	23,185	**25,613**	22,407
IT expenses	**24,434**	14,486	**24,434**	14,486
Others	**25,094**	31,611	**25,094**	31,440
	1,033,763	794,211	**999,536**	760,390