

**ANNUAL  
REPORT &  
Accounts  
2019**



**MAY & BAKER NIGERIA PLC**  
PHARMACEUTICALS • BEVERAGES



## World Class Facility for More Innovative Solutions



Good Manufacturing Practice



World Class Laboratory/  
Analytical Services

Since 1944, May & Baker has shown deep commitment to the well-being of all Nigerians and resident foreigners. And now, to further deepen this commitment our WHO cGMP compliant ultra modern facility, the PharmaCentre, is dedicated to providing the following services.

- **Contract Manufacturing**
- **Formulation/Product Development**
- **Training For GMP (Good Manufacturing Practice)**
- **Laboratory Analysis**
- **Stability Testing**



**MAY & BAKER NIGERIA PLC**  
*Supporting your health for life*

RC:558

### FACTORY SITE :

1, May & Baker Avenue. Off Idiroko Road (Opposite Covenant University) Ota, Ogun State. Tel: +234-1-2121290-1; + 234-1-4533446; +234-7045243923. Email: [info@may-baker.com](mailto:info@may-baker.com)



[www.may-baker.com](http://www.may-baker.com)

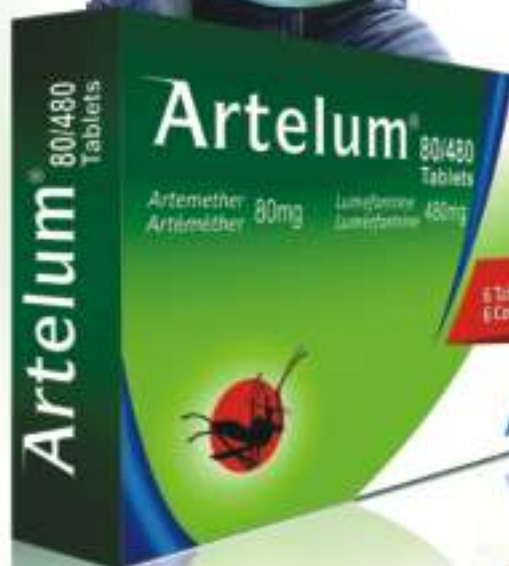


May & Baker Nigeria PLC



@maybakernigeria

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**Artelum<sup>®</sup> 80/480**  
Tablets  
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**MAY & BAKER**

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## About May & Baker Nigeria Plc

**M**ay & Baker Nigeria Plc is Nigeria's leading pharmaceutical manufacturer founded on September 4, 1944, the first to be established in the country. The company which started as a trading outpost to serve the West Coast of Africa began local manufacturing of pharmaceuticals in 1976 and was listed on the Nigerian Stock Exchange in 1994 where it has won the coveted award of Sectoral Leadership of Healthcare Sector six times.

When the foreign partners decided to divest in 2002, May & Baker Nigeria Plc. became a wholly Nigerian Company with technical partnership with leading pharmaceutical manufacturers worldwide. The new relationships gave her room to explore new investments and products development opportunities including the research, formulation and development of new products.

The company began a very ambitious expansion programme which started with the introduction of Lily Table Water in 2002.

The company has invested heavily in setting up an Anti-Retroviral (ARV) plant to produce drugs for HIV/AIDS pandemic. The plant began production in 2006 and is the first local manufacturing facility for ARV drugs. Currently, May & Baker has many registered ARV brands, some of which are now, being presented for pre-qualification by the World Health Organisation (WHO).

In 2007, May & Baker began the construction of Nigeria's biggest World Health Organisation (WHO) standard pharmaceutical production plant. That plant which was commissioned in June 2011, in Nigeria was certified by the WHO for good manufacturing practice (GMP) in 2014. Currently, specific products of the facility are being presented for WHO pre-qualification.

May & Baker began the process of establishing West and Central Africa's first private vaccine production company in 2005 by acquiring 51 percent share of Biovaccines Nigeria Limited, a partnership with the Federal Government of Nigeria. The vaccine Joint Venture Company is geared towards making Nigeria self-sufficient in the making of basic human vaccines, it will also earn foreign exchange through the export of its products to other African countries.

May & Baker stocks are among the best stocks in the Nigerian Stock Exchange (NSE). The factors that encouraged investors in May & Baker's stocks include very strong fundamentals of the Company such as consistency in profit making, attractive projections for

growth and good corporate brand name. There are also reasons of sound corporate governance practice and trusted management.

In 2017, the company adopted a new vision statement "To be a Leading Healthcare Brand in Sub-Sahara Africa". This vision is premised on a very ambitious but ordered quantum leap which removes all forms of restriction on growth and investments. It is a vision that allows the company to invest in all areas of human life that promotes its mission "To Improve the Quality of Life, Throughout Life, For all Lives". With this, May & Baker can explore investment opportunities in various aspects of the healthcare space of the economy.

Currently, the company is seeking expansion into Sub Saharan Africa by way of alliances or setting up businesses in other countries in the sub region.

### HALL OF FAME

Over the years, May & Baker has continued to better its year-end financial performance. The company joined the Nigerian Stock Exchange in 1994 and in 1996, it was awarded the prestigious Nigerian Stock Exchange Annual President's Merit Award in the Healthcare/ Chemicals and Paints category and in 1997, carted home the same prize in the Healthcare/Pharmaceuticals category. It has since then, won the award several times.

In 2007, May & Baker won the Lagos State Excellence Award for Occupational Health and Safety and the Federal Ministry of Health/National Council on Health Special Recognition and Excellence Award for Contributions to Pharmaceutical Industry in Nigeria. In 2008, the company was awarded the International Organization for Standardization(ISO) Quality Management Certificate, in recognition of the conformity of her management system to best international standards. This was further upgraded in 2017 to NIS ISO 9001:2015. The company has won several other awards including the PMG-MAN awards for the attainment of WHO GMP. May & Baker is listed in the BusinessDay's top 100 most respected companies in Nigeria. In 2018, May & Baker also won the highly coveted National Productivity Order of Merit award



## Corporate Information

<b>BOARD OF DIRECTORS:</b>	Senator D. Danjuma (Appt 30-5-19)	-	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. Onyishi (MON)	-	Non-Executive
	Mr. C.S. Chukuka	-	Executive
	Mr. V.C. Okelu	-	Executive
	Mr. A.S. Aboderin	-	Executive
<b>SECRETARIES:</b>	Marina Nominees Limited 233 Ikorodu Road, Ilupeju, Lagos.		
<b>REGISTRATION NO.:</b>	558		
<b>REGISTERED OFFICE:</b>	3/5 Sapara Street, Ikeja.		
<b>REGISTRAR:</b>	Veritas Registrars Limited Plot 89AA Jose Adeogun Str, Victoria Island Extension, Lagos.		
<b>AUDITORS:</b>	PKF Professional Services 205A Ikorodu Road, Obanikoro, Lagos.		
<b>SOLICITORS:</b>	Nnenna Ejekam & Associates		
<b>BANKERS:</b>	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 Access Bank Plc		

## Result at a Glance

### RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2019.

The directors of May & Baker Nigeria Plc have pleasure in announcing the group Trading results for the year ended 31st December, 2019 with comparative figures for the previous year as follows:

	<b>GROUP 2019 N'000</b>	<b>GROUP 2018 N'000</b>	<b>% Change</b>
Revenue	8,080,390	8,552,163	(5.52)
Profit before tax	900,906	817,912	10.15
Taxation	(184,466)	(475,226)	(61.18)
Profit after tax (continuing Operations)	716,440	342,68	109.07
Profit after tax (discontinued Operations)	-	242,514	(100.00)
Other comprehensive Income:			
Gain on revaluation of asset (net of tax)	72,000	-	100.00
Total comprehensive Income	<u>788,440</u>	<u>585,201</u>	<u>34.73</u>
Retained earnings	1,926,176	1,554,783	23.89
Total earnings per share EPS (kobo):			
EPS discontinued operations	0	25	(100.00)
EPS continuing operations	42	35	20.00
Net Assets per share (kobo)	340	369	(7.86)
Stock Exchange price as at 31 December	1.93	2.45	(21.22)
Authorised share capital	3,000,000	1,900,000	57.89
Issued share capital	862,617	490,000	76.04
Number of employees	325	265	22.64

The Financial Statements were prepared in accordance with the International Financial Reporting Standards IFRS

## Chairman's Statement

Members of the Board of Directors  
Fellow Shareholders  
Representatives of our Regulatory Bodies  
Ladies and Gentlemen

I welcome you to the 69th Annual General Meeting of our company. I am delighted to lay before you the Audited Annual Report and Accounts of the Company for the year ended 31st December 2019. But before I proceed, permit me to make these few remarks.

Our meeting today is unique in three different ways. One, it is the first time I am sitting with you as the chairman of this company. I have been saddled with the task of wearing the very big shoes left by the former chairman who stepped down in the course of the 2019 business year. It is my hope that I will enjoy your support and that we shall all work together to take our company to the next higher level.

Secondly, we are now living in a very special period. Humanity is passing through one of its worst times. The ravaging Coronavirus pandemic is an entirely new and harrowing experience that has changed our lives forever. I am confident we shall come out of it and I pray that when we do, we shall not look for any member of this family.

Lastly because of the prevailing special circumstances, we are employing an unusual but pragmatic method for our meeting today by proxy and video conferencing. It is my hope that at our next meeting we shall return to our traditional convivial gathering.

**Operating Environment:** The trade war between the United States of America and China put the brakes on global growth in 2019 with devastating effects on globalization and exports. But in Africa things started on a very optimistic note. In May 2019, a new economic bloc was born: Fifty four nations of Africa came together to form the Africa Continental Free Trade Area (AfCFTA). The AfCFTA is the largest free trade area in the world by number of countries involved. The goal is to establish a single market for goods and services across member countries, allow free movement of business travelers/investments, and create a continental customs union to streamline trade and attract long-term investment. AfCFTA provides a great opportunity to exploit the vast natural and human resources in the continent. Nigeria as the biggest economy and most populous member nation stands to benefit from AfCFTA but must fast track infrastructural development to build competitive advantage and ensure that its local industries are protected from dumping. Nigeria's recovery from the economic recession of 2016/2017 was gradual. By 2019, Real GDP growth was 2.3% marginally higher than 1.9% in



2018. Growth was mainly in transport, the oil sector, and information/communications technology. Agriculture was hurt by sporadic flooding and by conflicts between herdsman and local farmers. The inflation rate ended at double digit at 11.3%.

With fiscal revenues below 7% of GDP, and large scale public spending by the Federal Government, budget deficit was widened, financed mainly by borrowing. Public debt hit \$83.9 billion—14.6% higher than the year before. Debt represented 20.1% of GDP, up from 17.5% in 2018. Domestic public debt amounted to \$56.7 billion, and external public debt \$27.2 billion. High debt service payments, exceeding half of federally collected revenues, created fiscal crisis during the year under review.

The country's current account surplus sharply declined due to increased imports, lower oil revenues, and a smaller than expected improvement in capital flows. Poverty remained widespread. Government tackled this problem with social programmes like N-Power and other youth empowerment schemes.

A big achievement in 2019 was the successful conduct of the 2019 General Election and the re-election of President Muhammadu Buhari with a veto-proof assembly. The new political structure is expected to make it possible for the executive to push through most of its economic and social programmes. To this end, the VAT rate was increased from 5% to 7.5% and a new Finance Bill 2019 was passed to update, amend and increase the Federation's tax to GDP ratio.

Towards the end of the year, Nigeria closed her land borders to address the issue of the smuggling of petroleum products and finished goods through the land borders. This was received with mixed reactions.

**The Healthcare Sector:** The healthcare space in sub Saharan Africa (SSA) is still largely untapped and an investment haven for operators like our company. The SSA accounts for 1.04 billion of the 1.36 billion population of Africa. She equally holds a larger proportion of the Continent's disease burden.



## Chairman's Statement *contd.*

Of the 20 countries with the highest maternal mortality ratios worldwide, 19 are in Africa; and the region has the highest neonatal death rate in the world. African health systems is faced with high burden of life-threatening communicable and non-communicable diseases basic sanitation and healthcare needs remain unmet for many. For instance, only 58% of people living in sub-Saharan Africa have access to safe water supplies which compounds the disease burden of the sub-Continent.

The SSA and Nigerian healthcare sectors remain one of the most attractive in Africa. The Sub-Continent accounts for a peddling 5 percent of her medicine needs and depends on imports for 95 percent of essential medicines. Only Nigeria and South Africa account for as much as 30% and 55%, respectively of local medicine supply. Some countries in the SSA depend 100% on imports for their medicines supply. In Nigeria, pharmaceutical manufacturers are lobbying Government to expand the list of essential medicines banned for importation into the country especially as it affects those products for which there is adequate local capacity to produce. This is expected to widen opportunities and mitigate unfair competition from importers of products from foreign pharmaceutical manufacturers. This will also hedge the industry against dumping that may happen with planned implementation of AFCFTA from July, 2020

**Financial Results:** Our Company posted a good financial result in 2019 despite the tough business environment. We had a slight drop in revenue from N8.552 billion in 2018 to N8.080 billion, a general industry trend attributed to decline in consumer purchasing power and unfavorable macroeconomic conditions. Gross profit also marginally came down from N3.2 billion in 2018 to N2.9 billion in 2019 in line with revenue drop and rising cost of input materials.

However, our net profit rose by over 100 per cent from N342.7 million in 2018 to N716.4 million in 2019. This profit growth was driven by improved operating and cost efficiency as we made more profit per unit of sale in 2019 compared with 2018. Distribution expenses came down from N1.434 billion in 2018 to N1.197 billion in 2019. Finance costs also came down from N339.4 million in 2018 to N119.14 million in 2019 as we were able to put the Rights Issue proceeds received in 2019 to judicious use.

Administrative cost slightly increased to N784.3 million in 2019 from N773.7 million in 2018. Significant investment in our new paracetamol plant gave us fresh capital allowance and deferred tax, thus dropping our tax exposure drastically from N475.2 million the previous year to N184.5 million in 2019.

**Dividend:** Following the good performance of our company, the directors are proposing a dividend of 25

Kobo for every 50 kobo share representing a total dividend payout of N431,308,721.50 subject to deduction of With-holding tax. This will apply to every shareholder whose name appears on the register as at close of business on Tuesday, May 26, 2020. If approved by you today, the money will be credited to shareholders accounts within the next 24 hours.

### Developments in the Company

There were key developments in our company in 2019 which I must bring to your notice.

#### ● *Board Changes*

Few changes occurred in the Board in 2019. I, Senator Daisy Danjuma was appointed director while Lt. General Theophilus Danjuma retired from the Board. I subsequently replaced Lt. Gen. Danjuma as chairman of the Board and look forward to bringing to bear on the Board my experience in both public and private sectors for the development of May & Baker Nigeria Plc.

#### ● *Biovaccines Nigeria Limited.*

Our Joint Venture project for vaccines production and distribution is making steady progress. The company has advanced in its steps to taking a position in the Nigerian vaccine market. It has established technical relations with foreign vaccine companies and is also working on new ones for the private market business. It is currently registering some brands with the National Agency for Food Drug Administration and Control (NAFDAC). We are confident they will start commercial operations in the current business year.

#### ● *Osworth Nigeria Limited*

The board is pleased to inform you that our operating subsidiary, Osworth Nigeria Limited continues to give a good account of itself recording an impressive 30 percent revenue growth from N302million in 2018 to N393million in 2019.

**Future Outlook:** Distinguished shareholders, I see a great future for our company. The attraction of May & Baker as an investment haven lies not only in her long track record of robust performance but more in her future prospects. Africa's economic prospects sparks a burst of enthusiasm about opportunities especially in its healthcare sector. Capturing that promise is the task we must set out to accomplish. Our recipe for success lies in the burning ambition to dominate our defined markets; Nigeria and the Sub-Saharan Africa. I have immense confidence in the ability of our board and management to deliver on this goal. I encourage you to come along with us on this journey.

I will close by thanking all our shareholders, my dear colleagues on the board and in particular the management and staff of our company for all your efforts in sustaining the dream.  
God bless you all.



**Senator Daisy Danjuma**

*Chairman, Board of Directors.*

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the sixty-ninth Annual General Meeting of the Company will be held by Proxy at the Muson Centre, Onikan, Lagos on Thursday, 4<sup>th</sup> June, 2020 at 11.00 a.m. for the following purposes:-

### **ORDINARY BUSINESS**

1. To lay before the meeting the financial statements for the year ended 31<sup>st</sup> December, 2019 and the reports of the Directors, Auditors and the Audit Committee thereon.
2. To declare a dividend.
3. To elect and re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

### **BY ORDER OF THE BOARD**

  
**Adetoun O. Abiru (Mrs.)**  
FRC/2013/ICSAN/00000003280  
for: MARINA NOMINEES LIMITED, SECRETARIES, LAGOS  
26<sup>th</sup> March, 2020

### **NOTES:**

#### **PROXY**

Every member of the Company, entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote in their stead. A proxy form is provided with the Annual Reports and Financial Statements (AR & FS). A stamped Proxy Card HSS has been attached for the use of the Shareholders. To be valid for the purpose of the Meeting, the form must be completed and deposited at the office of the Registrars, Veritas Registrars Limited, Plot 89 Ajose Adeogun Street, Victoria Island Extension, Lagos not later than 48 hours before the time for holding the meeting. Shareholders can also send soft copies of their duly executed forms via email at [veritasregistrars@veritasregistrars.com](mailto:veritasregistrars@veritasregistrars.com). A proxy need not be a member of the Company.

In view of the COVID 19 pandemic, the restriction on gatherings and the social distancing measures instituted by Governments, the Company has, under the guidelines issued by the Corporate Affairs Commission ("CAC") obtained the approval of the CAC to hold the Annual General Meeting (AGM) taking advantage of S. 230 of CAMA on the use of proxies, with attendance by proxies. Members entitled to attend and vote at the AGM may wish to select any of the under-listed as their proxies to attend and vote in their stead:

1. Mr. Nnamdi Okafor
2. Sir Sunny Nwosu
3. Mr. Mathew Akinlade

Each duly completed proxy form shall be counted as one

Please note that the Company would abide by the Lagos State Government directive of not having more than twenty (20) people in a gathering (or any other number that may be permitted at the time of the meeting). As a law abiding Corporate Citizen, the number of people that would be allowed into the venue of the AGM will be restricted to the number the Lagos State Government permits for social/public gatherings as at the date of the meeting.

Kindly note that the above measure takes into consideration the provisions on quorum for the meeting, as quorum can be achieved either by physical attendance or by proxy.

The Annual General Meeting would also be streamed live on the Company's website and shareholders are encouraged to log on to observe the proceedings.

The shareholders who will attend the AGM physically will be screened at the security points and will be required to undergo safety/health measures as directed by the Nigeria Centre for Disease Control (NCDC) and the Lagos State Ministry of Health.

It is important to note that these measures have been put in place to ensure the safety of our shareholders and the general public and to further ensure that the operations of the Company are not disrupted as a result of inability to carry out corporate actions.

#### **DIVIDEND PAYMENT**

If the dividend recommended by the Directors is approved by the members, the dividend warrants will be paid on Monday 8<sup>th</sup> June, 2020, to the shareholders whose names appear in the Register of Members at the close of business on Tuesday 26<sup>th</sup> May, 2020.

#### **CLOSURE OF REGISTER AND TRANSFER BOOKS**

The Register of Members and Transfer Books will be closed from Wednesday 27<sup>th</sup> to Friday 29<sup>th</sup> May, 2020 both days inclusive for the purpose of dividend.

#### **AUDIT COMMITTEE**

In accordance with Section 359(5) of the Companies and Allied Matters Act CAP C20 LFN 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing to the Company Secretaries at least 21 days before the Annual General Meeting.

#### **UNCLAIMED DIVIDEND**

All shareholders with "Unclaimed Dividends" should address their claims to the Registrars, Veritas Registrars Limited, Plot 89A Ajose Adeogun Street, Victoria Island, Lagos.

#### **RIGHT TO ASK QUESTIONS**

Members have a right to ask questions in writing prior to the meeting on their observations or concerns arising from the AR & FS 2019 provided that such questions in writing are submitted to the Company no later than or before Monday 25<sup>th</sup> May, 2020. For ease of submission, a dedicated email address [financials@may-baker.com](mailto:financials@may-baker.com) has been created to receive submissions from shareholders.

#### **SPECIAL BUSINESS**

Directors' fees remain unchanged since the approval given by the shareholders at the Annual General Meeting held on 30<sup>th</sup> May, 2019

## Report on Corporate Governance

In line with best practices, May & Baker Nigeria Plc has embraced the tenets of good corporate governance which are reflected in its practices, processes and structures.

May & Baker Nigeria Plc is committed to the principles contained in the Code of Corporate Governance as issued by the Securities and Exchange Commission (SEC), Nigerian Code of Corporate Governance 2018 issued by the Financial Reporting Council of Nigeria (FRCN) and to the regulations of the Companies and Allied Matters Act CAP C20 LFN 2004, the requirements of industry regulators, provisions of its Memorandum and Articles of Association and all other applicable National and Local laws. To further protect and promote stakeholders' interests, the Board of Directors has implemented a viable compliance system.

May & Baker Nigeria Plc's business principles are valid throughout the Company and serve as guidelines in the adherence to uncompromising standards of business ethics and integrity. The core values of the Company are (amongst others): ethical and lawful conduct of business; accountability, honesty and fairness, trust and mutual respect, respect of human rights in all aspects of business transactions; shareholder satisfaction and protection of shareholder's investment.

### The Board of Directors

#### • Composition

The Board comprises of a Non-Executive Chairman, the Managing Director/Chief Executive Officer, three Executive Directors and four Non-Executive Directors who are charged with the responsibility of ensuring the proper running of the Company. Profiles of the Directors are stated on pages 21 to 23 of this report.

#### • Roles and Responsibilities

- Sets the overall direction of the business.
- Designs and maintains good internal controls.
- Approves the Company's strategic plans.
- Approves the appropriation and distribution of profits.
- Approves top management's terms of employment.
- Monitors and takes decisions on major risks facing the Company.
- Reviews and considers matters reserved for the general board.

The Board met four times in the financial year ended 31<sup>st</sup> December, 2019 and details of the attendance of Directors are as follows:-

	21/3/19	30/5/19	27/9/19	21/11/19
Lt. Gen. T.Y. Danjuma (rtd) GCON -Chairman	A	A	N/A	N/A
Senator Daisy Danjuma- Chairman	N/A	N/A	A	A
Mr. N.N. Okafor	A	A	A	A
Dr. E. Abebe	AB	AB	A	A
Mr. A.S. Aboderin	A	A	A	A
Mr. A.A. Adeleke	A	A	A	A
Mr. C.S. Chukuka	A	A	A	A
Mr. I. Dankaro	A	A	A	R
Mrs. G.I. Odumodu	A	A	A	A
Mr. V.C. Okelu	A	A	A	A
Chief S.M. Onyishi (MON)	N/A	A	A	A

- *Senator Daisy Danjuma was reappointed a Director on 30<sup>th</sup> May, 2019 and appointed Chairman on 27<sup>th</sup> September, 2019.*
- *Lt. Gen. T.Y. Danjuma (rtd) GCON resigned as a Director and Chairman of the Company on 27<sup>th</sup> September, 2019.*

## Report on Corporate Governance

The Board reserves certain powers, duties and responsibilities and has delegated authority and responsibility for the day to day running of the Company to the Managing Director ably assisted by the Management team. The roles of the Chairman and Managing Director are separate and clearly defined in line with global best practice.

In discharging its oversight responsibilities, the Board makes use of various Committees. Each Committee is focused on a particular area of responsibility and provides informed feedback and advice to the Board. The activities of each Committee are guided by its stated Terms of Reference. The Committees report directly to the Board on their activities, issues, recommendations and decisions. The statutory Audit Committee is further required to report to the Shareholders on its activities.

The following Committees have been established:-

### Board Committees

- **Executive** comprises of only Executive Directors and Senior Management officers. The Committee meets as often as necessary in order to take decisions on major matters as well as issues that border on labour and other matters that have to do with the day to day running of the business.
- **Statutory Audit** -is made up of three (3) representatives of the Shareholders and three (3) Non-Executive Directors. The Committee was chaired by Sir G.O. Adewumi in the 2019 financial year. The Committee carries out its function in accordance with the provisions of section 359(6) of the Companies and Allied Matters Act (CAP 20) Laws of the Federation of Nigeria, 2004 (CAMA).

The Statutory Audit Committee met four times in the 2019 financial year for the review and consideration of the financial statements and other matters stated in Section 359 of CAMA. The Committee met on the following dates:

	12/7/19	24/9/19	19/11/19	24/3/20
Sir G.O. Adewumi	A	A	A	A
Mr. O.B. Adeleke	A	A	A	A
Mr. I. Dankaro	AB	A	R	A
Mrs. G.O. Odumodu	A	A	A	A
Mrs. C. Vincent-Uwalaka	A	A	A	A
Chief S.M. Onyishi (MON)	N/A	AB	A	A

- Governance and Remuneration Committee: is comprised of only Non-Executive Directors excluding the Chairman of the Company, in line with Section 11.1 of the Code of Corporate Governance issued by the Securities and Exchange Commission (SEC CCG) and Section 2.9 of the Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria (FRCN NCCG).

The Committee met four times in the year ended 31<sup>st</sup> December, 2019 on the following dates:-

	20/3/19	28/5/19	25/9/19	19/11/19
Mr. A.A. Adeleke (Chairman)	A	A	A	A
Dr. E. Abebe	AB	A	A	A
Mrs. G.I. Odumodu	A	A	A	A
Chief S.M. Onyishi (MON)	N/A	A	AB	A



## Report on Corporate Governance

- **Risk Management Committee** - is comprised of Non-Executive Directors excluding the Chairman of the Company and also two Executive Directors of the Company in line with Sections 2.9 and 11.5.2 of the FRCN NCCG respectively. However, all other Executive Directors and the Internal Auditor are always in attendance at meetings of the Committee in accordance with Section 10.4 of the SEC CCG.

The Committee met six times in the year ended 31<sup>st</sup> December, 2019 on the following dates:-

	20/3/19	5/4/19	28/5/19	25/9/19	19/11/19	20/11/19
Dr. E. Abebe(Chairman)	AB	A	A	A	A	A
Mr. A.A. Adeleke	A	A	A	A	A	A
Mr. I. Dankaro	A	A	A	A	R	R
Mr. N.N. Okafor	A	A	A	A	A	A
Mr. A.S. Aboderin	A	A	A	A	A	A
Mr. C.S. Chukuka	A	AB	A	A	A	A
Mr. V.C. Okelu	A	A	A	A	A	A
Mr. G. Obiakor(Internal Audit)	A	A	A	A	A	A

□ Key:	A	=	Present
	R	=	Represented by an alternate
	AB	=	Absent
	N/A	=	Not a Director as at the date of the meeting

### Board Evaluation

In compliance with the Securities and Exchange Commission's (SEC) National Code of Corporate Governance 2018, the Company engaged Lennap Services Limited to carry out a performance evaluation and appraisal of the Board of Directors in the year ended 31 December, 2018. The SEC NCCG 2018 (Clause 14.1) recommends an evaluation of the Board, Board Committees, the Chairman of the Board and individual Directors to be carried out at least once every 3 years. The evaluation that was conducted for the year ended 31<sup>st</sup> December 2018 covered all aspects of the Board and Committees' structure and composition, responsibilities and processes as well as individual member's competencies.

On the basis of the performance evaluation carried out for the 2019 financial year the Company's corporate governance practices were adjudged satisfactory while suggestions for improvement were made.

### Internal Control

The Company employs reasonable and appropriate accounting policies in the preparation of its financial statements that ensures that a sound system of internal control that safeguards its assets and Shareholders' wealth is maintained. This is enhanced by the activities of the internal audit department whose function includes that of monitoring compliance with laid down company policies as well as verification of certain categories of invoices ahead of settlement.

### Code of Conduct

The Company's operations are governed by a code of conduct which comprises the core values held as a bond with all stakeholders and these include INTEGRITY which ensures that the Company maintains the highest level of honesty and principles, and subscribe to the highest standard of ethical conduct, which is overall governed by faith in God.

### Securities Trading Policy

In line with Section 14 of the Nigerian Stock Exchange amended rules, the Company has developed a Securities Trading Policy which has been reviewed and approved by the Board. This policy provides guidance to all related parties on trading in the shares of the Company. This policy can be accessed and downloaded from the Company's website.

## Report on Corporate Governance

### Complaints Management Policy

The Company has a Complaint Management Policy and Framework in place in accordance with Securities and Exchange Commission's directives on resolution of shareholders and investors complaints. This policy is available on the Company's website for public access.

### Whistle Blowing Policy

The Company has a Whistle Blowing Policy. This policy has been reviewed and approved by the Board and Covers, among other things, the procedures for the receiving, retention and treatment of information from whistle blowers. This policy is also available on the Company's website for public access.

**Quality System Policy** The Company is committed to the manufacture, distribution and delivery of quality healthcare products and services that constantly meet the needs of customers. It is also committed to the proper implementation, maintenance and continual improvement of processes according to the requirements of NIS ISO 9001: 2015 Quality Management System Standard.

### Infringement of Regulation

The Group complied with all regulatory requirements of the Nigerian Stock Exchange, Securities and Exchange Commission and the Financial Reporting Council during the year and was not penalized or fined for any infringement.

BY ORDER OF THE BOARD



**ADETOUN ABIRU**  
FRC/2013/00000003280  
**for: MARINA NOMINEES LIMITED**  
Secretaries

LAGOS NIGERIA      26<sup>th</sup> March, 2020

**Report of the Directors  
for the Year Ended Dec. 31, 2019**

1. **ACCOUNTS**

The Directors submit their report together with the audited financial statements of the Company for the year ended 31<sup>st</sup> December, 2019.

2. **RESULT**

	GROUP 2019	COMPANY 2019	GROUP 2018	COMPANY 2018
	₦000	₦000	₦000	₦000
Revenue	8,080,390	7,686,625	8,552,163	8,249,947
Results from operating activities	1,032,400	1,212,338	1,013,841	1,189,216
Profit before income tax	900,906	894,699	817,913	849,786
Profit after tax	716,440	710,233	342,687	374,560

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 10<sup>th</sup> 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 contract manufacturers 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 FIRO 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	14 <sup>th</sup> Dec, 2009	100%
Osworth Nigeria Limited	Distribution and sales of personal care and pharmaceutical products	1 <sup>st</sup> Sept, 2008	100%
Servisure Nigeria Limited	Distribution and sales of pharmaceutical products	17 <sup>th</sup> Dec, 2009	100%

The financial results of all the subsidiaries have been consolidated in these financial statements.

**Related Company**

Biovaccines Nigeria Limited	Production and sales of vaccines	1 <sup>st</sup> Sept. 2005	51%
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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 vision statement of becoming a leading healthcare brand in sub-sahara Africa evolved from that exercise

6. **DIVIDEND**

The Directors have recommended a dividend of 25kobo per share amounting to N431,308,721 for the year.

**Report of the Directors**  
**for the Year Ended Dec. 31, 2019 (Contd.)**

**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 20 - 22

1. Senator Daisy Danjuma, the Director appointed since the last Annual General Meeting retires at this meeting and being eligible, offers herself for election.
2. Biological Information on newly appointed Director, Senator Daisy Danjuma:
  - ▶ Age 68 years.
  - ▶ A graduate of Law from Ahmadu Bello University, Zaria - 1976
  - ▶ She was called to Bar in 1977
  - ▶ An alumnus of Lagos Business School
  - ▶ Member of the International Bar Association and International Federation of Women Lawyers
  - ▶ A trustee of the H.I.D Awolowo Foundation
  - ▶ Chairman, Board of Trustees of Lagos Public Interest Law Partnership
  - ▶ Vice Chairman, South Atlantic Petroleum Limited
  - ▶ Senator of the Federal Republic of Nigeria (2003 - 2007)
3. In accordance with the Company's Articles of Association and section 249(2) of Companies and Allied Matters Act, CAP C20 LFN 2004, Mrs. G.I. Odumodu, Mr. I. Dankaro and Mr. A.A. Adeleke retire by rotation and being eligible, offer themselves for re-election.
4. 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.
5. Interests of the Directors in the shares of the Company are:

	26 <sup>th</sup> March 2020 Number	31 <sup>st</sup> December 2019 Number	31 <sup>st</sup> December 2018 Number
Senator D. Danjuma ( <i>INDIRECT</i> )	746,841,302	746,841,302	254,841,302
N.N. Okafor	14,511,330	14,511,530	7,255,665
Dr. E. Abebe	NIL	NIL	NIL
Mr. A.A. Adeleke	5,348	5,348	5,348
Mr. I. Dankaro ( <i>INDIRECT</i> )	61,632,695	61,632,695	57,632,695
Mrs. G.I. Odumodu ( <i>INDIRECT</i> )	57,752,156	57,752,156	57,752,156
Chief S.M. Onyishi ( <i>MON</i> )	256,584,907	256,584,907	4,892,302
Mr. V.C. Okelu	1,591,862	1,591,862	745,931
Mr. C.S. Chukuka	1,007,168	1,007,168	503,584
Mr. A.S. Aboderin	93,500	93,500	NIL

Indirect shareholders represented by Directors on the Board are as follows:

- ▶ Senator D. Danjuma representing: T.Y Holdings Ltd, Oil Tech Nig Ltd and Osis Yuvic Ltd
- ▶ Mr I. Dankaro representing: Maydav Multi Resources Ltd
- ▶ Mrs G I Odumodu represent: Seravac Nigeria Ltd

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 31<sup>st</sup> December, 2019.

**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 N3,000,000,000 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 N862,617,443 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)



## Report of the Directors for the Year Ended Dec. 31, 2019 (Contd.)

Director	Representing	26 March, 2020		31 <sup>st</sup> December 2019		31 <sup>st</sup> December 2018	
		No. of Units	%	No. of Units	%	No. of Units	%
Senator Daisy Danjuma	>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	720,878,543 14,874,759 11,088,000	41.78 0.86 0.64	246,187,049 4,958,253	25.12 0.50 0.38
Chief Samuel Onyishi (MON)	>Onyishi S.M. >Peace Cap. Market Ltd.	256,584,907 -	14.87	256,584,907 -	14.87	2,627,150 2,265,152	0.27 0.23

No individual shareholder other than as stated above held more than 5% of the issued share capital of the Company as at 31<sup>st</sup> December, 2019.

### 11. FREE FLOAT

The Free Float analysis of the issued and paid-up share capital of the Company as at 31<sup>st</sup> December, 2019 and 26<sup>th</sup> March, 2020 when the Financial Statements were approved, were as follows:

	No. of Ordinary Shares held as at 26 <sup>th</sup> March, 2020	% holding as at 26 <sup>th</sup> March, 2020	No. of Ordinary Shares held as at 31 <sup>st</sup> Dec., 2019	% holdings as at 31 <sup>st</sup> Dec., 2019
Directors' direct/indirect shareholding	1,140,020,268	66.08	1,140,020,268	66.08
Staff Schemes	NIL	NIL	NIL	NIL
Free Float	585,214,618	33.92	585,214,618	33.92
<b>TOTAL</b>	<b>1,725,234,886</b>	<b>100.00</b>	<b>1,725,234,886</b>	<b>100.00</b>

### SHARE RANGE ANALYSIS AS AT 31<sup>ST</sup> DECEMBER 2019

Share Range	No. of Shareholders	% of Shareholders	No. of Units held	% of Shareholding
1 1000	4,121	9.29%	1,920,128	0.11%
1001 10,000	33,728	76.08%	100,271,421	5.81%
10,001 50,000	5,001	11.28%	99,856,291	5.79%
50,001 100,000	685	1.54%	48,559,784	2.81%
100,001 500,000	656	1.48%	130,353,620	7.56%
500,001 1,000,000	75	0.17%	53,504,551	3.10%
1,000,001 10,000,000	64	0.14%	114,517,234	6.64%
10,000,001 50,000,000	8	0.02%	144,653,449	8.38%
50,000,001 100,000,000	1	0.00%	54,134,958	3.14%
100,000,001 1,725,234,886	2	0.00%	977,463,450	56.66%
<b>Grand Total</b>	<b>44,341</b>	<b>100.0%</b>	<b>1,725,234,886</b>	<b>100.0%</b>

### 13. FIXED ASSETS

Movements in fixed assets during the year are shown in Note 14 on page 60. In the opinion of the directors, the market values of the Company's properties are not less than the values shown in the accounts.

**Report of the Directors**  
**for the Year Ended Dec. 31, 2019 (Contd.)**

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 N4,761,060 (2018 -N4,687,775).

The details are:

Walk for life World Hypertension Day	690,600.00
Faculty of Pharmaceutical Sciences Award	600,000.00
M&B 75 <sup>th</sup> Anniversary Charity Homes donation	504,600.00
Pacelli School for the blind	200,000.00
SOS Children Home	200,000.00
Heritage Homes donation	200,000.00
PMG-MAN	180,000.00
Aina Estate Community Association	150,000.00
New Heart Beat Charity Foundation	100,000.00
Others	1,935,860.00
<b>TOTAL =</b>	<b>4,761,060.00</b>

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 N4,294,644.90. (2018 N1,708,136.31) 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  
AUDION NIGERIA LTD

18. **SUPPLIERS**

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

**Local**

Bromley Packaging Ltd  
Sankil Pharmaceutical Co. Ltd  
Providence Associated Ind. Ltd  
Wahum Packaging Ltd  
H.K. Printing & Packaging Ltd  
Dangote Sugar Refinery  
Bentos Pharmaceutical Products Ltd

**Foreign**

IPCA Laboratories Limited (India)  
Aurobindo Pharm Limited (India)  
Surya Engineers (India)  
Caffrey Saunders Int. Limited (UK)  
Belco Pharma (India)  
Meghmani LLP  
Farmachem Life PUT Ltd  
Long Range Europe Ltd  
Jiangsu Guotar Int'l. Group Huatas Imp & Exp. Co. Ltd.  
Inventia Healthcare Limited

The Company is not related to any of its suppliers.

**Report of the Directors  
for the Year Ended Dec. 31, 2019 (Contd.)**

Wahum Packaging Ltd  
H.K. Printing & Packaging Ltd  
Dangote Sugar Refinery  
Bentos Pharmaceutical Products Ltd

Caffrey Saunders Int. Limited (UK)  
Belco Pharma (India)

**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 31<sup>st</sup> December, 2019 there was one person living with disability 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 skill's base has been extended by the provision of training which has broadened opportunities for career development within the organization.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate.

**20. AUDIT COMMITTEE**

The members of the statutory Audit Committee appointed at the Annual General Meeting held on 30<sup>th</sup> May, 2019 in accordance with Section 359(3) of CAMA were:-

	<u>Designation</u>
Sir G.O. Adewumi	Chairman
Mrs. C. Vincent-Uwalaka	Member
Mr. B.O. Adeleke	Member
Mr. I. Dankaro	Director/Member
Mrs. G.I. Odumodu	Director/Member
Chief S.M. Onyishi (MON)	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

**Report of the Directors  
for the Year Ended Dec. 31, 2019 (Contd.)**

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. 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 authorising the Directors to fix their remuneration.

**BY ORDER OF THE BOARD**



**ADETOUN ABIRU**  
**FRC/2013/ICSAN/00000003280**  
for: MARINA NOMINEES LIMITED  
Secretaries

LAGOS NIGERIA

26<sup>th</sup> March, 2020



## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are responsible for the preparation of the Financial Statements, that give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for that year and Comply with the Companies and Allied Matters Act, Cap C20 LFN 2004 (CAMA).

The Directors are required by the provisions of the Code of Corporate Governance issued by the Securities and Exchange Commission (SEC) in April, 2011 to issue this statement in connection with the preparation of the financial statements for the year ended December 31, 2019.

In doing so, they must ensure that:

- adequate control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities;
- ethical standards are maintained and that the Company complies with the laws of Nigeria and the Code of Corporate Governance;
- the terms of reference and procedures of all board committees are determined;
- proper accounting records are maintained;
- applicable accounting standards are adhered to;
- suitable accounting policies are adopted and consistently applied;
- judgments and estimates made are reasonable and prudent;
- the going concern basis is adopted, unless it is inappropriate to presume that the Company will continue in business.

The Directors accept responsibility for the preparation of these financial statements, which have been prepared in compliance with:

- The provisions of the International Financial Reporting Standard;
- The provisions of CAMA;
- The provisions of the Financial Reporting Council of Nigeria, Act No. 6, of 2011;
- The published accounting and financial reporting standard issued by the Financial Reporting Council of Nigeria; and
- The regulations of the Securities and Exchange Commission and the Nigerian Stock Exchange.

The Directors have made an assessment of the Company's ability to continue as a going concern based on the supporting assumptions stated in the financial statements, and have every reason to hold that the Company will remain a going concern in the financial year ahead.

Signed on behalf of the Board of Directors by:




**Senator Daisy Danjuma**

Chairman

FRC/2020/003/000000/20890

Dated: 26 March 2020



**Nnamdi Okafor**

Managing Director

FRC/2013/PSNIG/00000002118

Dated: 26 March 2020

# Ramitace

## The **ACE** in the management of **Cardiovascular Diseases**



### SIGNIFICANCE FOR CLINICAL PRACTICE

#### ✓ New Patients For Ramitace

- ❖ Diabetics with other risk Factors
- ❖ CAD patients with HBP
- ❖ CAD patients with normal LV Function

HOPE N. Eng. J. Med 2000, 342:145-153

#### ✓ Risk Reduction/New Indications:

- ❖ Stroke
- ❖ CV Death
- ❖ MI

#### ✓ Beneficial effects seen Independent of other therapy

- ✓ Benefits seen in first year
- ✓ Recommended dosing (Ramitace 10mg)

**Ramitace keeps your Cardiovascular patients living longer and healthier**

**Ramitace**  
*Ramipril*



**...preventing cardiovascular events and complications!**



**MAY & BAKER NIGERIA PLC**

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P.M.B. 21049, Ikeja, Lagos.  
Tel: +234(0)1-2121290-1, Toll free: 0800 6292 632 2537  
E-mail: [info@may-baker.com](mailto:info@may-baker.com); <http://www.may-baker.com>

## Board of Directors



### Daisy Danjuma

*Chairman*

Reappointed a director May 30, 2019

Appointed Chairman, September 27, 2019

- Graduate of Law, Ahmadu Bello University, 1976
- Called to Bar - 1977
- Alumnus of Lagos Business School
- Trustee of HID Awolowo Foundation
- Chairman, Board of Trustees of Lagos Public Interest Law Partnership
- Vice Chairman, South Atlantic Petroleum Ltd
- Senator, Fed. Rep. of Nigeria (2003-2007)
- Member of the International Bar Association and the International Federation of Women Lawyers

Date of birth: August 6, 1952

### Nnamdi Okafor, Managing Director/CEO

Appointed a Director, 1st June, 2003

Appointed Managing Director/Chief

Executive Officer, 1st February, 2011.

- Holds a Bachelor of Pharmacy (Honours) Degree from the University of Ife, Ile-Ife (now Obafemi Awolowo University, Ife)
- Masters of Business Administration (MBA) in Marketing from ESUT Business School, Lagos.
- Fellow of the Pharmaceutical Society of Nigeria and the Institute of Directors, Nigeria and an alumnus of the Lagos Business School

Date of birth: May 11, 1961



## Board of Directors

### Dr. Edugie Abebe

Appointed 14th March, 2013

- MBBS, College of Med; University of Lagos, 1969 - 1974
  - London School of Hygiene & Tropical Medicine, 1978 - 1979 (M.Sc. Community Health)
  - Retired Perm Sec. Fed. Govt. of Nigeria.
  - Fellow, London Society of Hygiene and Tropical Medicine.
  - Member, Nigerian Medical Association
  - Has several International awards/honours
- Date of birth: October 17, 1950.



### Adebayo Adtunji Adeleke

Appointed 8th July, 2010

- Holds a Master in Business Administration (MBA) from Delta State University, Abraka
  - A member of the Nigerian Institute of Management.
  - Member, Institute of Directors, Nigeria
  - He has vast training exposure in Leadership, Management, Marketing and Sales Administration
- Date of birth: June 22, 1958



### Mrs. Gloria I. Odumodu

Appointed 26th July, 2011

- Has wealth of experience in banking and Finance and Customer Relations gained in Nigeria and UK.
  - A graduate of Banking of the Institute of Management and Technology, (IMT) Enugu.
  - Holds a Masters Degree in Finance and Banking from Delta State University
- Date of birth: Sept. 18, 1962



### Engr. Ishaya Dankaro

Appointed 8th July, 2010

- Holds Bachelor of Science in Biology from Westminster College, Pennsylvania, USA and also of Mechanical Engineering from the University of Alabama, Birmingham, USA.
  - An expert in power plant systems Engineering
  - A member of the International Association of Mechanical Engineers and the National Society of Black Engineers, USA
- Date of birth: Nov. 23, 1960





## Board of Directors

### Chief Samuel M. Onyishi (MON)

Appointed Non Exec. Director, 21st March. 2019

- MBA in Entrepreneurship
- Diploma and B.Sc. in Social Work & Community Development from University of Nigeria, Nsukka-1995 and 1999
- Fellow, Nigerian Institute of Science & Tech; Federal Polytechnic, Unwana Afikpo, Prestigious
- Key man Award for Business Excellence and Integrity.
- Chairman, Peace Mass Transit Ltd.
- Philanthropist, Social Entrepreneur & Business Mentor.

Date of birth: Nov. 23, 1963



### Mr. Chukutem S. Chukuka

Appointed Exec. Director, 22nd Sept. 2016

- Holds Bachelor of Pharmacy from University of Benin, 1989
- Holds a Masters in Bus. Admin. (MBA) Fed. University of Tech, Akure, 2001
- An alumnus of the Lagos Business School.
- Member, Pharmaceutical Society of Nigeria.

Date of birth: April 10, 1966



### Mr. Ayodeji S. Aboderin

Appointed Exec. Director, 1st March. 2017

- Obtained Higher National Diploma in Accountancy from The Polytechnic, Ibadan, 1993
- Holds an Executive Masters in Business Admin. MBA from NOUN/Commonwealth of Learning, Canada
- Fellow, the Institute of Chartered Accountants of Nigeria (ICAN)
- Alumnus of the Lagos Business School.
- Member, Chartered Institute of Management Accountants ICIMA UK.

Date of birth: Oct. 20, 1968



### Mr. Valentine C. Okelu

Appointed Exec. Director, 22nd Sept. 2016

- Holds Bachelor of Pharmacy from University of Nigeria, Nsukka, 1994
- Holds a Masters of Pharmacology from University of Nigeria, Nsukka, 1997
- An alumnus of the Lagos Business School.
- Member, Pharmaceutical Society of Nigeria.

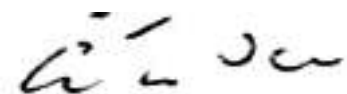
Date of birth: June 11, 1970



## 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 31<sup>st</sup> December, 2019 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 31<sup>st</sup> December, 2019 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 24<sup>th</sup> March, 2020

### 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  
Chief S.M. Onyishi (MON)

## Sustainability Report

Our sustainability report provides information on the organizational and management initiatives on economic, environmental, social impact and institutional relations within our eco-system:

- i) **Economic impact:** We continually strive to achieve and sustain excellent financial performances, delivering good returns to our investors and maximizing shareholders value while contributing positively to the economy through job creation via production, marketing and distribution of quality healthcare products to our customers.
- ii) **Quality System Policy:** We are committed to the manufacture, distribution and delivery of quality healthcare and products and services that constantly meet the needs of our customers. This is demonstrated by our commitment to the proper implementation, maintenance and continual improvement of the effectiveness of Quality Management Standard NIS ISO 9001:2015 and its requirements.
- iii) **Environmental Impact:** We carry out our operations with a care for our environment and proactively address issues that can degrade the environment while optimizing our plant operations in waste/effluent treatment, water consumption and energy utilization.
- iv) **Labour/Employment:** We consciously create a working environment where staffs are given equal opportunity to grow in their career through employee involvement and training while enforcing health and safety statements and regulations for our engagement are based on merit and without discriminations. Employee relations were stable and cordial during the year under review.
- v) **Social and Institutional Relations:** Our focus is on building an organization known for best practices in corporate governance and regulatory compliance. We work with NAFDAC, SON, SEC, NSE, FIRS, FRCN and other regulators and stakeholders to entrench sustainability principles that promote transparency, good communications, timely disclosures, accountability and business continuity.
- vi) **Corporate Social Responsibility:** May & Baker maintained a very excellent robust and versatile Corporate Social Responsibility (CSR) culture throughout the year. We are mindful of, and feel a sense of responsibility towards our staff, as well as the society and environment in Nigeria. We continually take into account the sustainable impact of our actions and actively seek out opportunities to add value to the environment in which we operate. At May & Baker, CSR is a corporate attitude engrained in every aspect of business. Our interventions to make a difference are particularly focused in areas of education and health.

## 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 analyzed 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.

**Certification Pursuant to  
Section 7 (2) of the FRCN Act 2011**

We the undersigned hereby certify with regards to the Annual Report and Financial Statements of May & Baker Nigeria Plc and its subsidiaries for the year ended 31<sup>st</sup> December, 2019 that:

- (a) We have reviewed the report;
- (b) To the best of our knowledge, the report does not:
  - i. contain any untrue statement of a material fact, or
  - ii. omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statements were made;
- (c) We have examined the report to ascertain whether or not there were significant changes or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.
- (d) We:
  - i. are responsible for establishing and maintaining internal controls.
  - ii. have designed such internal controls to ensure that material information relating to the Company including the subsidiaries is made known to such officers and others within those entities particularly during the period in which the annual reports are being prepared
  - iii. have evaluated the effectiveness of the Company's internal controls as of date and within 90 days prior to the report;
  - iv. have presented in the report our conclusions about the effectiveness of the internal controls based on our evaluation as of that date;
- (e) To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as at 31<sup>st</sup> December, 2019 and for the periods presented in the



Managing Director/CEO  
FRC/2013/PSNIG/00000002118



Finance Director/CFO  
FRC/2014/ICAN/00000008270



# ROPHEGAN<sup>®</sup>

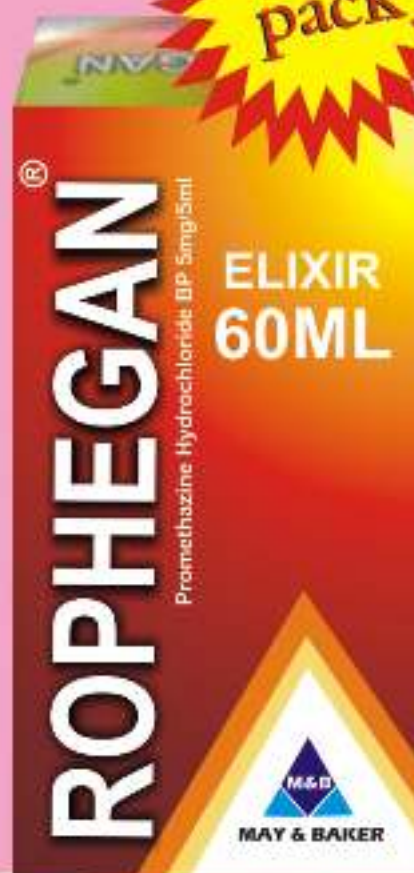
Promethazine BP 5mg/5ml

Do you suffer from  
allergy symptoms?



Get Relief with  
**ROPHEGAN<sup>®</sup>**

Now in a  
new  
pack



## For the Treatment of:

- Itching due to allergy
- Rash due to allergy
- Runny nose due to a cold
- Nausea and vomiting

**CONTRA-INDICATIONS:** Hypersensitivity to promethazine or any component; narrow angle glaucoma.

Read product label for more information.

## SIDE EFFECTS:

Drowsiness, dizziness, fatigue, ringing in the ears, problems with balance or coordination, hallucinations, blurred vision, feeling nervous or shaky, tremors, disorientation, nausea, insomnia, skin rash or itching, dry mouth, or stuffy nose.

Manufactured by: **MAY & BAKER**



1, May & Baker Avenue,  
Off Idiroko Rd. Ota,  
Ogun State, Nigeria.  
<http://www.may-baker.com>  
Toll free: 0800 6292 632 2537

# Is that stress giving you sleepless nights?



Keep that stress  
under control with

## Bromatan<sup>®</sup>

- Manages sleep disorder
- Combats anxiety and agitation episodes
- Proven efficacy against anxiety in hypertension
- Offers muscle relaxant and anti-convulsant action

Approved 1991, Renewed 10.09.2011

#### Indications:

Acute tension and anxiety states  
Insomnia

#### Contraindications:

Respiratory depression  
Sleep apnoea  
Severe hepatic impairment

Side effects: Drowsiness & Light Headedness  
*Please see leaflet for more information*

**Bromatan<sup>®</sup>**  
Bromazepam



MAY & BAKER TOUGHEN P.L.C.  
21, Garsington Road, Oxford, OX4 2DQ  
OXFORD OX4 2DQ, UK  
Tel: 01865 200000  
Fax: 01865 200001  
E-mail: [info@maybaker.com](mailto:info@maybaker.com)  
<http://www.maybaker.com>





# LOXAGYL<sup>®</sup>

METRONIDAZOLE

**Trusted Metronidazole**



## Uses

- Dysentery/Diarrhoea
- Dental infections
- Anaerobic infections e.g. wound infections
- Amoebiasis
- Genito-urinary tract infections

Manufactured by: **MAY & BAKER**



1, May & Baker Avenue,  
Off Idiroko Rd. Ota,  
Ogun State, Nigeria.  
<http://www.may-baker.com>  
Toll free: 0800 6292 632/2537

**CONTRA-INDICATION:** Chronic alcohol dependence  
**Side effects** include metallic taste, nausea, furred tongue  
Always read product insert for more information

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 2019, 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 consolidated 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 2019, 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 2019. 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
<p><b>a) Information technology (IT) systems and control over financial reporting</b></p> <p>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.</p> <p>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 changed its accounting software from Sage 300 to a vendor customised Electronic Resource Planning Application - Microsoft Navision. The Group has an IT division to manage the IT</p>	<p>We focused our audit on those IT systems and controls that are significant for the Company financial reporting process.</p> <p>As audit procedures over IT systems and controls require specific expertise, we involved IT specialist in our audit.</p> <p>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.</p> <p>In a limited number of cases, we adjusted our planned audit approach as follows:</p>

## Independent Auditor's Report



functions, and/or to assist with minor operational requirements while GEM Consultants 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.

### 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. Trade and other receivables are stated at their invoiced values less appropriate allowance for impairment as disclosed in Note 19 of the financials. The Group has a policy of providing for debts with aging based on management approved matrix. In arriving at this matrix, management has considered the assessments of credit customers, past performance/present events, conditions and reasonable forecast of expected credit losses. In determining the matrix to be applied on customers categorised under the Public sector, the company used a grade percentage of 50%, 75% and 100% for debts outstanding for more than 1 year, 2 years and 3 years respectively. The new software classified all outstanding debts as due within 1 year irrespective of the length of the debts. This creates room for subjective computation of the impairment for public sectors as the company applied 50% on all debts.

- 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.

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.
- Review the impairment model used by management taking into account our understanding of client's business and the reasonableness of the assumptions used.

### 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated statements.



## Independent Auditor's Report



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 consolidated 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 consolidated financial statements, the directors are responsible for assessing the Group'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 Group's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

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

**Independent Auditor's Report**



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible

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.



**Benson Adejayan, FCA**  
**FRC/2013/ICAN/02226**  
For: PKF Professional Services  
Chartered Accountants  
Lagos, Nigeria

**Dated: 26 March 2020**



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

		The Group		The Company	
		2019 N'000	2018 N'000	2019 N'000	2018 N'000
<b>Continuing operations</b>	<b>Notes</b>				
Revenue	5.1	8,080,390	8,552,163	7,686,625	8,249,947
Cost of sales	5.2	(5,174,864)	(5,388,976)	(4,975,876)	(5,241,910)
<b>Gross profit</b>		<b>2,905,527</b>	<b>3,163,187</b>	<b>2,710,750</b>	<b>3,008,037</b>
Other operating income	6	108,695	291,285	102,417	289,933
Impairment losses	7	-	(33,648)	-	(33,648)
Distribution, sales and marketing expenses	8	(1,197,531)	(1,434,773)	(1,068,592)	(1,335,620)
Administrative expenses	8	(784,290)	(773,712)	(730,733)	(739,485)
<b>Operating profit</b>		<b>1,032,400</b>	<b>1,212,338</b>	<b>1,013,841</b>	<b>1,189,216</b>
Net Finance costs	9	(119,142)	(339,430)	(119,142)	(339,430)
Share of loss in joint ventures	17.2a	(12,352)	(54,996)	-	-
<b>Profit before income tax</b>		<b>900,906</b>	<b>817,913</b>	<b>894,699</b>	<b>849,786</b>
Income tax expense	10	(184,466)	(475,226)	(184,466)	(475,226)
<b>Profit from continuing operations</b>		<b>716,440</b>	<b>342,687</b>	<b>710,233</b>	<b>374,560</b>
<b>Discontinued operations</b>					
Profit for the year from discontinued operations	11.2	-	242,514	-	242,514
<b>Profit for the year</b>		<b>716,440</b>	<b>585,201</b>	<b>710,233</b>	<b>617,074</b>
<b>Attributable to:</b>					
Equity shareholders		716,440	585,201	710,233	617,073
<b>Other Comprehensive income:</b>					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Asset revaluation gain net of tax	23.2	72,000	-	72,000	-
Other comprehensive income		72,000	-	72,000	-
<b>Total comprehensive income for the year</b>		<b>788,440</b>	<b>585,201</b>	<b>782,233</b>	<b>617,073</b>
<b>Attributable to:</b>					
Equity shareholders		788,440	585,201	782,233	617,073
Basic and diluted earnings/(loss) per share (Kobo)- <b>From discontinued operations</b>	12	41.53	24.75	41.17	24.75
Basic and diluted earnings per share (Kobo)- <b>From continuing operations</b>	12	41.53	34.97	41.17	38.22

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.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Notes	The Group		The Company	
		2019 N'000	2018 N'000	2019 N'000	2018 N'000
<b>Assets</b>					
<b>Non current assets</b>					
Property, plant and equipment	14	4,165,575	3,504,599	4,148,374	3,499,352
Intangible assets	15	40,632	-	40,632	-
Investment in subsidiaries	16	-	-	3,000	3,000
Investment in Joint Venture	17.2a	1,225,292	1,237,645	1,326,886	1,326,886
		<u>5,431,499</u>	<u>4,742,244</u>	<u>5,518,892</u>	<u>4,829,238</u>
<b>Current assets</b>					
Inventories	18	1,591,064	1,595,274	1,443,968	1,463,949
Trade and other receivables	19	1,610,932	1,344,852	1,722,587	1,482,955
Other assets	20	329,681	150,751	327,759	147,229
Cash and cash equivalents	21	530,577	268,957	460,722	212,196
		<u>4,062,254</u>	<u>3,359,834</u>	<u>3,955,036</u>	<u>3,306,329</u>
<b>Total assets</b>		<u>9,493,753</u>	<u>8,102,078</u>	<u>9,473,928</u>	<u>8,135,567</u>
<b>Equity and liabilities</b>					
Ordinary shares	22.1	862,617	490,000	862,617	490,000
Share premium	22.2	3,012,065	1,572,622	3,012,065	1,572,622
Retained earnings	23	1,926,176	1,554,783	2,010,576	1,645,390
Asset revaluation reserve	23.2	72,000	-	72,000	-
		<u>5,872,858</u>	<u>3,617,405</u>	<u>5,957,258</u>	<u>3,708,012</u>
<b>Non-current liabilities</b>					
Loans and borrowings	24	-	53,013	-	53,013
Post employment benefits	25	49,347	100,018	49,192	98,372
Deferred tax liabilities	10.3	936,814	869,599	936,178	868,360
		<u>986,161</u>	<u>1,022,630</u>	<u>985,369</u>	<u>1,019,745</u>
<b>Current liabilities</b>					
Loans and borrowings	24	482,506	1,447,236	482,506	1,447,236
Trade and other payables	26	2,011,180	1,778,762	1,907,747	1,724,528
Current tax liabilities	10.2	141,047	212,202	141,047	212,202
Deferred income	27	-	23,843	-	23,843
		<u>2,634,734</u>	<u>3,462,043</u>	<u>2,531,300</u>	<u>3,407,809</u>
<b>Total liabilities</b>		<u>3,620,894</u>	<u>4,484,673</u>	<u>3,516,670</u>	<u>4,427,554</u>
<b>Total equity and liabilities</b>		<u>9,493,753</u>	<u>8,102,078</u>	<u>9,473,928</u>	<u>8,135,567</u>



**Senator Daisy Danjuma**  
Chairman  
FRC/2020/003/00000020890



**Nnamdi Okafor**  
Managing Director/CEO  
FRC/2013/PSNIG/00000002118



**Ayodeji Aboderin**  
Finance Director/ CFO  
FRC/2014/ICAN/00000008270

These consolidated financial statements were approved and authorised for issue by the Board of Directors and were signed on March 26, 2020 in Lagos.

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

Equity attributable to equity holders - the Group	Share capital N'000	Share premium N'000	Retained earnings N'000	Asset revaluation reserve N'000	Total N'000
<b>At 1 January 2018</b>	<b>490,000</b>	<b>1,626,094</b>	<b>1,173,412</b>	<b>-</b>	<b>3,289,506</b>
Adjustment on initial application of IFRS 9 (net of tax)	-	-	(7,830)	-	(7,830)
<b>Restated opening balance under application of IFRS 9</b>	<b>490,000</b>	<b>1,626,094</b>	<b>1,165,582</b>	<b>-</b>	<b>3,281,676</b>
<b>Changes in equity for 2018:</b>					
Profit for the year	-	-	585,201	-	585,201
Dividend declared and paid	-	-	(196,000)	-	(196,000)
Share Issue Expenses	-	(53,472)	-	-	(53,472)
	-	(53,472)	389,201	-	335,729
<b>At 31 December 2018</b>	<b>490,000</b>	<b>1,572,622</b>	<b>1,554,783</b>	<b>-</b>	<b>3,617,405</b>
<b>At 1 January 2019</b>	<b>490,000</b>	<b>1,572,622</b>	<b>1,554,783</b>	<b>-</b>	<b>3,617,405</b>
<b>Changes in equity for 2019:</b>					
Profit for the year	-	-	716,440	-	716,440
Right issue in the year	372,617	1,490,469	-	-	1,863,086
Dividend declared and paid	-	-	(345,047)	-	(345,047)
Share Issue Expenses	-	(51,026)	-	-	(51,026)
Asset revaluation in the year	-	-	-	80,000	80,000
Deferred tax effect	-	-	-	(8,000)	(8,000)
	372,617	1,439,443	371,393	72,000	2,255,453
<b>At 31 December 2019</b>	<b>862,617</b>	<b>3,012,065</b>	<b>1,926,176</b>	<b>72,000</b>	<b>5,872,858</b>
<b>Equity attributable to equity holders - the Company</b>					
<b>At 1 January 2018</b>	<b>490,000</b>	<b>1,626,094</b>	<b>1,232,859</b>	<b>-</b>	<b>3,348,953</b>
Adjustment on initial application of IFRS 9 (net of tax)	-	-	(8,543)	-	(8,543)
<b>Restated opening balance under application of IFRS 9</b>	<b>490,000</b>	<b>1,626,094</b>	<b>1,224,316</b>	<b>-</b>	<b>3,340,410</b>
<b>Changes in equity for 2018:</b>					
Profit for the year	-	-	617,074	-	617,073
Dividend declared and paid	-	-	(196,000)	-	(196,000)
Share issue expenses	-	(53,472)	-	-	(53,472)
	-	(53,472)	421,074	-	367,601
<b>At 31 December 2018</b>	<b>490,000</b>	<b>1,572,622</b>	<b>1,645,390</b>	<b>-</b>	<b>3,708,011</b>
<b>At 1 January 2019</b>	<b>490,000</b>	<b>1,572,622</b>	<b>1,645,390</b>	<b>-</b>	<b>3,708,012</b>
<b>Changes in equity for 2019:</b>					
Profit for the year	-	-	710,233	-	710,233
Dividend declared and paid	-	-	(345,047)	-	(345,047)
Share Issue Expenses	-	(51,026)	-	-	(51,026)
Right issue in the year	372,617	1,490,469	-	-	1,863,086
Asset revaluation in the year	-	-	-	80,000	80,000
Deferred tax effect	-	-	-	(8,000)	(8,000)
	372,617	1,439,443	365,186	72,000	2,249,246
<b>At 31 December 2019</b>	<b>862,617</b>	<b>3,012,065</b>	<b>2,010,576</b>	<b>72,000</b>	<b>5,957,258</b>

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



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	The Group		The Company	
		2019 N'000	2018 N'000	2019 N'000	2018 N'000
<b>Cash flows from operating activities</b>					
Profit for the year		716,440	585,201	710,233	617,074
<b>Adjustment for:</b>					
Depreciation expenses	14	463,309	427,938	458,680	423,725
Amortisation of intangible assets		4,233	-	4,233	-
Share of loss in joint ventures		12,352	-	-	-
Interest expense	9	119,142	339,430	119,142	339,430
Employment benefit charged	25.2	15,812	31,774	15,589	31,774
Income tax expense	10	184,466	475,226	184,466	475,226
Profit on disposal of property, plant and equipment	6.4	(6,427)	(1,712)	(6,427)	(1,712)
Impairment on trade and other receivable written off	19	-	-	-	-
Reclassified to impairment on other receivables	19	-	-	-	-
Impairment on trade and other receivable	19	-	-	-	-
Asset revaluation gain	23.2	80,000	-	80,000	-
		<u>1,589,327</u>	<u>1,857,857</u>	<u>1,565,915</u>	<u>1,885,518</u>
<b>Changes in:</b>					
Inventories	18	4,210	3,216	19,981	5,542
Trade and other receivables	19	(266,081)	(584,029)	(239,632)	(534,677)
Other assets	20	(178,929)	728,585	(180,529)	680,597
Trade and other payables	26	231,817	(402,978)	183,218	(428,328)
Deferred income	27	(23,843)	(6,549)	(23,843)	(6,549)
<b>Cash generated from operating activities</b>		<u>1,356,500</u>	<u>1,596,102</u>	<u>1,325,110</u>	<u>1,602,103</u>
Tax paid	10.4	(195,802)	(55,115)	(195,802)	(49,583)
Employee benefit paid	25.2	(66,484)	(10,673)	(64,770)	(11,497)
<b>Net cash from operating activities</b>		<u>1,094,215</u>	<u>1,530,314</u>	<u>1,064,538</u>	<u>1,541,022</u>
<b>Cash flows from investing activities:</b>					
Repayment of investment in Joint Venture	17	-	(266,700)	-	(321,696)
Purchase of property, plant and equipment	14	(1,125,499)	(556,481)	(1,108,916)	(550,719)
Purchase of intangible		(44,865)	-	(44,865)	-
Impairment of intangible assets	15	-	33,648	-	33,648
Proceeds on sale of property plant and equipment		7,640	276,756	7,640	276,756
Net inflow from disposal of food business		-	846,406	-	846,406
<b>Net cash (used in)/from investing activities</b>		<u>(1,162,724)</u>	<u>333,629</u>	<u>(1,146,141)</u>	<u>284,395</u>
<b>Cash flows from financing activities:</b>					
Repayment of loans and borrowings other than overdraft	24	(661,140)	(1,910,249)	(661,140)	(1,910,249)
Additions to Import Finance Facility	24	426,092	200,523	426,092	200,523
Dividend paid	23	(345,047)	(196,000)	(345,047)	(196,000)
Right issue in the year	22.1	372,617	-	372,617	-
Premium on right issues	22.2	1,490,469	-	1,490,469	-
Share issued expenses	22.2	(51,026)	(53,472)	(51,026)	(53,472)
Net finance costs	9	(119,142)	(339,719)	(119,142)	(339,719)
<b>Net cash from /(used in) financing activities</b>		<u>1,112,823</u>	<u>(2,298,917)</u>	<u>1,112,823</u>	<u>(2,298,917)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>1,044,314</u>	<u>(434,973)</u>	<u>1,031,220</u>	<u>(473,500)</u>
Cash and cash equivalents at 1 January		<u>(517,226)</u>	<u>(82,253)</u>	<u>(573,986)</u>	<u>(100,486)</u>
<b>Cash and cash equivalents at 31 December</b>	21	<u>527,087</u>	<u>(517,226)</u>	<u>457,234</u>	<u>(573,986)</u>
<b>Reconciliation of cash and bank balances to cash and cash equivalents</b>					
Cash and bank balance		530,577	268,957	460,722	212,196
Bank overdrafts and commercial papers		(3,488)	(786,183)	(3,488)	(786,183)
		<u>527,089</u>	<u>(517,226)</u>	<u>457,234</u>	<u>(573,986)</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 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

### 2. Basis of preparation

#### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), and in compliance with Financial Reporting Council of Nigeria Act No 6 2011. Additional information required by national regulations has been included where appropriate.

These consolidated financial statements comprise of the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated and separate statement of changes in equity, the consolidated and separate statement of cashflows and notes to the consolidated financial statements.

#### 2.2 Going concern status

These consolidated financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity. Management is satisfied that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing these consolidated financial statements.

#### 2.3 Basis of measurement

These consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets (liabilities) which were measured at fair value. The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses while the plan assets for defined benefit obligations are measured at fair value.

These consolidated financial statements are presented in the Nigerian Naira (NGN), which is the Company's functional currency for presentation.

#### 2.3.1 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.

#### 2.4 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 company's accounting policies. Changes in assumptions may have a significant impact on these consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the Group's financial statements present the financial position and results fairly.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 2.5. Summary of Standards and Interpretations effective for the first time

#### 2.5.1 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.

##### IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for

#### 2.5.2 Standards Issued and Effective on or after 1 January 2022

##### a) IFRS 17 Insurance Contracts

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS.

This standard replaces IFRS 4 – Insurance contracts.

The key principles in IFRS 17 are that an entity:

- a) identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain, future event (the insured event) adversely affects the policyholder;
- b) separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- c) divides the contracts into groups it will recognise and measure;
- d) recognises and measures groups of insurance contracts at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all the available information about the fulfilment cash flows in a way that is consistent with observable market information plus (if this value is a liability) or minus (if this value is an asset) an amount representing the unearned profit in the group of contracts (the contractual service margin);
- e) recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk, if a group of contracts is or becomes loss-making, an entity recognises the loss immediately;
- f) presents separately insurance revenue, insurance service expenses and insurance finance income or expenses;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

- g) discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of the entity. To do this, an entity discloses qualitative and quantitative information about:
- the amounts recognised in its financial statements from insurance contracts;
  - the significant judgements, and changes in those judgements, made when applying the Standard; and
  - the nature and extent of the risks from contracts within the scope of this Standard.

### 2.5.3 Narrow Scope Amendments deferred until further notice

#### a) IFRS 10 consolidated financial statements

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

#### b) IAS 28 Investments in Associates and Joint Ventures

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

### 2.5.4 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 subsidiaries) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The results of subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### 3.3 Business combinations

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

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

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

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

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

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

### 3.4 Revenue recognition

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

#### a) Sale of goods

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

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

#### b) Interest income

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 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 unasserted 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 Financial instruments

#### 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.

#### 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 the group's businesses generate benefits and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of the group's 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

### 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.

## 3.12 Financial liabilities

### Initial recognition and measurements

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### 3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term. Cash and cash equivalents form part of the company's financial assets.

### 3.14 Trade and other receivables

Trade receivables are stated at fair value and subsequently measured at fair value through profit or loss, less provision for impairment. Impairment thereon are computed using the simplified IFRS 9 Expected Credit Loss (ECL) Model, where the receivables are aged and probability of default applied on each aged bracket. Trade receivables meet the definition of financial assets and the carrying amount of the trade receivables approximates their fair value.

### 3.15 Trade and other payables

Trade and other payables are stated at their original invoiced value. The Directors consider the carrying amount of other payables to approximate their fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 3.16 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.

### 3.17 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.

### 3.18 Taxation

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

#### 3.18.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated and separate 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.

#### 3.18.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated and separate 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.

#### 3.18.3 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 3.19 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.

### 3.20 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."

### 3.21 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.

### 3.22 Dividends

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

### 3.23 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.

### 3.24 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 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

Judgement is exercised to make allowance for trade receivables doubtful of recovery by reference to the financial and other circumstances of the debtor in question. The Group makes provision after considering credit terms and historical experience regarding the customers.

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 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 N'000	2018 N'000	2019 N'000	2018 N'000
<b>The Group's revenue comprises sale of goods as analysed below:</b>				
Pharmaceuticals	8,003,206	8,481,727	7,609,441	8,179,511
Beverage	77,184	70,436	77,184	70,436
Others				
<b>Total revenue</b>	<b>8,080,390</b>	<b>8,552,163</b>	<b>7,686,625</b>	<b>8,249,947</b>
<b>5.2 Costs of sales</b>				
Total direct material costs	4,251,347	4,872,141	4,052,359	4,725,075
Total direct labour costs	383,430	333,098	383,430	333,098
Total direct expenses	393,573	139,334	393,573	139,334
Total factory overhead expenses	146,513	44,403	146,513	44,403
<b>Total costs of sales</b>	<b>5,174,864</b>	<b>5,388,976</b>	<b>4,975,876</b>	<b>5,241,910</b>
<b>Gross profit</b>	<b>2,905,527</b>	<b>3,163,187</b>	<b>2,710,750</b>	<b>3,008,037</b>
<b>Gross margin</b>	<b>36%</b>	<b>37%</b>	<b>35%</b>	<b>36%</b>

#### 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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
<b>5.3.1 Segment revenue</b>				
Pharmaceuticals	8,003,206	8,481,727	7,609,441	8,179,511
Beverage	77,184	70,436	77,184	70,436
	<b>8,080,390</b>	<b>8,552,163</b>	<b>7,686,625</b>	<b>8,249,947</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>5.3.2 Segment profit</b>				
Pharmaceuticals	<b>2,878,395</b>	3,155,425	<b>2,683,618</b>	3,000,274
Beverage	<b>27,132</b>	7,762	<b>27,132</b>	7,762
<b>Total segment profit</b>	<b>2,905,527</b>	3,163,187	<b>2,710,750</b>	3,008,036
Other operating income (Note 6)	<b>108,695</b>	291,285	<b>102,417</b>	289,931
Central administration costs and directors' salaries	<b>(1,981,821)</b>	(2,242,133)	<b>(1,799,326)</b>	(2,108,751)
Finance costs	<b>(119,142)</b>	(339,430)	<b>(119,142)</b>	(339,430)
Share of loss of joint venture	<b>(12,352)</b>	(54,996)	<b>-</b>	-
<b>Profit before tax</b>	<b>900,907</b>	817,914	<b>894,699</b>	849,786

**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:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Revenue from external customers</b>	<b>Revenue from external customers</b>	<b>Revenue from external customers</b>	<b>Revenue from external customers</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
East	<b>2,740,400</b>	3,105,333	<b>2,594,781</b>	2,993,460
West	<b>1,605,799</b>	1,537,923	<b>1,562,472</b>	1,504,663
Lagos	<b>2,715,149</b>	2,897,452	<b>2,561,535</b>	2,779,531
North	<b>1,019,042</b>	1,011,455	<b>967,837</b>	972,293
	<b>8,080,390</b>	8,552,163	<b>7,686,625</b>	8,249,947

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>6. Other operating income</b>				
Insurance indemnity (Note 6.1.1)	<b>25,276</b>	11,070	<b>25,276</b>	11,070
Income on contract manufacturing	<b>3,962</b>	23,933	<b>3,962</b>	23,933
Operating rental income (Note 6.1.2)	<b>8,200</b>	16,000	<b>8,200</b>	16,000
Interest on deferred income realised (Note 6.1.3)	<b>23,843</b>	8,447	<b>23,843</b>	8,447
Provision no longer required				
Sale of scrapped items	-	4,295	-	4,295
Profit on disposal of property, plant and equipment	<b>6,427</b>	1,712	<b>6,427</b>	1,712
Exchange gain	<b>40,987</b>	225,827	<b>34,709</b>	224,475
	<b>108,695</b>	291,285	<b>102,417</b>	289,933

**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.

**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
Property plant and equipment (Note 14)				
<b>Total</b>	<b>-</b>	<b>33,648</b>	<b>-</b>	<b>33,648</b>

**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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>8. Expenses by nature</b>				
Personnel expenses	282,877	252,537	267,998	241,727
Depreciation and amortisation	50,036	16,567	49,782	16,377
Repairs and maintenances	31,484	31,942	28,827	31,942
Transport and traveling expenses	97,822	67,873	91,327	64,954
Insurance expenses	22,450	19,282	22,450	18,415
Licensing/registration	7,221	2,917	3,215	1,514
Director's emolument and expenses	83,061	90,433	83,061	90,433
Director's fees	7,750	2,650	7,750	2,650
Public relations, promotions and advertisements	2,103	12,258	2,103	12,258
Subscriptions and dues	7,587	19,806	7,587	19,297
Audit fees	12,000	11,500	10,500	10,500
Legal and professional charges	21,449	35,849	17,795	30,356
Printing, stationeries, printed and promotional materials	12,910	11,328	11,745	11,187
Security expenses	19,509	22,613	19,509	22,613
Telephone and postages expenses	7,379	4,049	5,894	3,193
Impairment on trade and other receivable(Note 19.3)	-	-	-	-
Impairment on dormant inventory items (Note 18)	-	34,563	-	30,777
Company Secretary and Agm expenses	10,149	11,438	10,149	11,438
Admin and Management expense	15,357	24,175	15,357	20,969
Electricity and generator expenses	1,930	23,745	1,930	23,745
Bank charges and commissions	29,577	27,999	19,770	25,613
IT Expenses	29,827	24,434	29,827	24,434
Others	31,812	25,755	24,158	25,094
	<b>784,290</b>	<b>773,712</b>	<b>730,733</b>	<b>739,485</b>
<b>8.1 Expenses by function</b>				
Costs of sales (Note 5.2)	5,174,864	5,388,976	4,975,876	5,241,910
Distribution, Sales and marketing expenses	1,197,531	1,434,773	1,068,592	1,335,620
Administrative expenses (Note 8)	784,290	773,712	730,733	739,485
	<b>7,156,685</b>	<b>7,597,461</b>	<b>6,775,201</b>	<b>7,317,015</b>
<b>9. Finance costs</b>				
<b>Financial liabilities held at amortized cost:</b>				
Interest on finance lease obligations	-	322	-	322
Interest on overdraft	156,116	171,965	156,116	171,965
Interest income	(36,975)	(289)	(36,975)	(289)
Interest on loans and borrowings	-	167,433	-	167,433
<b>Total finance costs</b>	<b>119,142</b>	<b>339,430</b>	<b>119,142</b>	<b>339,430</b>

**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 Nil (Dec 2018 :N23,406,000) representing interest on loans from related party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**10. Taxation**

**10.a Income tax expense**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Income tax	98,677	174,825	98,677	174,825
Education tax	25,328	27,603	25,328	27,603
Capital Gains tax	643	-	643	-
<b>Total current tax expense</b>	<b>124,648</b>	<b>202,428</b>	<b>124,648</b>	<b>202,428</b>

**10.b Deferred tax on origination and reversal of temporary differences:**

Deferred tax (Note 10.3)	59,818	272,799	59,818	272,799
<b>Total deferred tax charge</b>	<b>59,818</b>	<b>272,799</b>	<b>59,818</b>	<b>272,799</b>
<b>Total income tax expense</b>	<b>184,466</b>	<b>475,226</b>	<b>184,466</b>	<b>475,226</b>

**10.1 Factors affecting tax expenses for the year**

<b>Profit before tax as shown in the consolidated and separate income statement</b>	<b>900,906</b>	817,911	<b>894,699</b>	849,785
Expected income tax expense on profit at statutory tax rate (30%)	270,272	245,373	268,410	254,935
Effect of portion of income taxed on a different basis - education tax	25,328	27,603	25,328	27,603
Effect of minimum taxation	5,556	5,556	-	-
Adjustment recognized in current year in relation to current tax of prior years				
	<b>301,156</b>	<b>278,532</b>	<b>293,738</b>	<b>282,538</b>
<b>Effective tax rate</b>	<b>33%</b>	<b>34%</b>	<b>33%</b>	<b>33%</b>

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)	141,047	212,202	141,047	212,202
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**10.3 Deferred tax balances**

The following is the analysis of the deferred tax assets presented in the consolidated and separate and separate statements of financial position:

Deferred tax liabilities	936,814	869,599	936,178	868,360
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Group				Company			
	Recognised	Other	Comprehe	Closing	Recognised	Other	Comprehe	Closing
	Opening balance N'000	in profit or loss N'000	nsive income N'000	balance N'000	Opening balance N'000	in profit or loss N'000	nsive income N'000	balance N'000
<b>10.3.1 2019</b>								
<b>Deferred tax liabilities/ (assets) in relation to:</b>								
Property, plant and equipment	674,557	50,811	-	725,368	674,744	50,811	-	725,555
Retirement benefit obligations	(199,801)	(1,406)	-	(201,207)	(199,892)	(1,406)	-	(201,299)
Recognised on asset revaluation	-	-	8,000	8,000	-	-	8,000	8,000
Provision for doubtful debts	394,843	10,413	(603)	404,653	393,508	10,413	-	403,921
	<u>869,599</u>	<u>59,818</u>	<u>7,397</u>	<u>936,814</u>	<u>868,360</u>	<u>59,818</u>	<u>8,000</u>	<u>936,178</u>
<b>10.3.2 2018</b>								
<b>Deferred tax liabilities/ (assets) in relation to:</b>								
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
	<u>596,800</u>	<u>272,799</u>		<u>869,599</u>	<u>595,561</u>	<u>272,799</u>		<u>868,360</u>

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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
<b>10.4 Income tax</b>				
Analysis of movements in the current tax balance during the year:				
<b>At 1 January</b>	212,201	64,889	212,201	59,357
Income tax	98,677	174,825	98,677	174,825
Education tax	25,328	27,603	25,328	27,603
Capital Gains Tax	643	-	643	-
Tax paid during the year	<u>(195,802)</u>	<u>(55,115)</u>	<u>(195,802)</u>	<u>(49,583)</u>
<b>At 31 December</b>	<u>141,047</u>	<u>212,201</u>	<u>141,047</u>	<u>212,201</u>

### 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**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 Healthcare 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:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Profit for the year from discontinued operations</b>				
Revenue	-	193,803	-	193,803
Cost of sale	-	(228,301)	-	(228,301)
<b>Gross loss</b>	-	(34,498)	-	(34,498)
Expenses	-	(51,087)	-	(51,087)
<b>Loss before tax</b>	-	(85,585)	-	(85,585)
Attributable income tax expenses	-	-	-	-
	-	(85,585)	-	(85,585)
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
<b>Profit for the year from discontinued operations(Attributable to the owners of the company)</b>	-	242,514	-	242,514
<b>Cash flows from discontinued operations</b>				
Net cash inflows from operating activities	-	-	-	-
Net cash inflows from investing activities	-	846,406	-	846,406
Net cash outflows from financing activities	-	-	-	-
<b>Net inflows</b>	-	846,406	-	846,406

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>11.3 Consideration received</b>				
On 30 April, 2018, the Group disposed of its food business				
<b>Consideration received in cash and cash equivalent:</b>				
Proceeds on disposal of plant and machineries	-	775,000	-	775,000
Payment for inventories	-	71,406	-	71,406
<b>Total proceed amount received</b>	-	846,406	-	846,406
<b>Analysis of assets and liabilities of the disposed food business</b>				
<b>Property, plant and equipment</b>				
Carrying amount of Plant & Machineries	-	269,457	-	269,457
<b>Net asset disposed off</b>	-	269,457	-	269,457
<b>11.4 Gain on disposal of food business</b>				
Consideration received (Note 11.3)	-	846,406	-	846,406
<b>Expenses relating to the disposal:</b>				
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
<b>Total expenses</b>	-	248,850	-	248,850
<b>Net proceed amount received</b>	-	597,556	-	597,556
Net asset on disposal	-	(269,457)	-	(269,457)
<b>Gain on disposal included in the profit for the year from discontinued operations (Note 11.2)</b>	-	328,099	-	328,099
<b>11.5 Net cash flow on disposal of food business</b>				
Consideration received in cash and cash equivalent	-	846,406	-	846,406
Less cash and cash equivalent on disposal of	-	(846,406)	-	(846,406)
	-	-	-	-



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019 N'000</b>	<b>2018 N'000</b>	<b>2019 N'000</b>	<b>2018 N'000</b>
<b>12. Basic earnings per share</b>				
<b>Profit for the year attributable to equity holders</b>	<b>716,440</b>	585,198	<b>710,233</b>	617,072
Profit for the year from discontinued operations used in calculation of earnings per share from discontinued operations	-	(242,514)	-	(242,514)
<b>Earnings from continuing operations</b>	<b>716,440</b>	342,684	<b>710,233</b>	374,559
<b>Number of shares</b>				
Weighted average number of shares for basic earning per share	<b>1,725,234</b>	980,000	<b>1,725,234</b>	980,000
Effect of dilutive potential share: restricted shares and share options	-	-	-	-
Weighted average number of shares for diluted earnings per share	<b>1,725,234</b>	980,000	<b>1,725,234</b>	980,000
<b>Earnings/(loss) per share (kobo)-from discontinued operations</b>				
- Basic	<b>41.53</b>	24.75	<b>41.17</b>	24.75
- Diluted	<b>41.53</b>	24.75	<b>41.17</b>	24.75
<b>Earnings per share (kobo)-from continuing operations</b>				
- Basic	<b>41.53</b>	34.97	<b>41.17</b>	38.22
- Diluted	<b>41.53</b>	34.97	<b>41.17</b>	38.22
<b>13. Operating profit</b>				
<b>Operating profit has been arrived after charging/(crediting):</b>				
Depreciation and amortisation expenses	<b>463,309</b>	427,938	<b>458,680</b>	423,725
Impairment losses	-	33,648	-	33,648
Staff costs	<b>745,578</b>	893,918	<b>709,888</b>	893,918
Profit on disposal of property, plant and equipment	<b>6,427</b>	1,712	<b>6,427</b>	1,712
Audit fees	<b>12,000</b>	10,700	<b>10,500</b>	10,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 14. Property, plant and equipment

#### a. The Group

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

	Freehold land N'000	Building N'000	Plant & Machinery N'000	Furniture & fitting N'000	Computer & office equipment N'000	Trucks & Motor Vehicles N'000	Factory Equipment N'000	Capital work-in- progress N'000	Total N'000
<b>Cost</b>									
At 1 January, 2018	183,565	2,085,615	3,716,143	72,319	271,880	529,610	-	223,525	7,085,312
Additions	-	23,193	140,013	1,976	27,779	116,408	-	246,810	556,481
Disposals	-	-	(891,850)	-	(488)	(77,344)	-	-	(969,682)
<b>At 31 December 2018</b>	<b>183,565</b>	<b>2,108,808</b>	<b>2,966,990</b>	<b>74,295</b>	<b>299,171</b>	<b>568,674</b>	<b>-</b>	<b>470,335</b>	<b>6,672,111</b>
<b>At 1 January, 2019</b>	<b>183,565</b>	<b>2,108,808</b>	<b>2,966,990</b>	<b>74,295</b>	<b>299,171</b>	<b>568,674</b>	<b>-</b>	<b>470,335</b>	<b>6,672,111</b>
Additions	6,568	76,783	57,224	2,054	11,806	271,677	181	699,206	1,125,499
Reclassified	(20,021)	20,021	(41,927)	-	-	-	41,927	-	-
Transfers	164,055	333,124	603,610	-	(8,273)	-	-	(1,092,518)	(2)
Disposals	-	-	(10,104)	-	-	(92,891)	-	-	(102,995)
<b>At 31 December 2019</b>	<b>334,167</b>	<b>2,538,736</b>	<b>3,575,793</b>	<b>76,349</b>	<b>302,704</b>	<b>747,460</b>	<b>42,108</b>	<b>77,023</b>	<b>7,694,613</b>
<b>Depreciation and Impairment</b>									
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)
<b>At 31 December, 2018</b>	<b>-</b>	<b>496,764</b>	<b>1,946,299</b>	<b>55,953</b>	<b>256,104</b>	<b>412,391</b>	<b>-</b>	<b>-</b>	<b>3,167,511</b>
<b>At 1 January 2019</b>	<b>-</b>	<b>496,764</b>	<b>1,946,299</b>	<b>55,953</b>	<b>256,104</b>	<b>412,391</b>	<b>-</b>	<b>-</b>	<b>3,167,511</b>
Charge for the year	-	70,744	274,459	5,476	4,747	91,691	16,191	-	463,309
Reclassified	-	-	(14,177)	-	-	-	14,177	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	(10,104)	-	-	(91,678)	-	-	(101,782)
<b>At 31 December 2019</b>	<b>-</b>	<b>567,508</b>	<b>2,196,477</b>	<b>61,430</b>	<b>260,851</b>	<b>412,404</b>	<b>30,368</b>	<b>-</b>	<b>3,529,038</b>
<b>Carrying amounts:</b>									
<b>At 31 December 2019</b>	<b>334,167</b>	<b>1,971,228</b>	<b>1,379,317</b>	<b>14,920</b>	<b>41,852</b>	<b>335,056</b>	<b>11,740</b>	<b>77,023</b>	<b>4,165,575</b>
At 31 December 2018	183,565	1,612,044	1,020,691	18,342	43,067	156,283	-	470,335	3,504,599

a) Included in the depreciation charged for the year was N50,035,636 (December 2018 : N16,376,630) in the administrative expenses, N22,983,562 (December 2018 N14,069,307) in the distribution, sales and marketing and a charge of N330,766,882 (December 2018 :N360,220,247) 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 14. Property, plant and equipment

#### b. Company

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

	Freehold land N'000	Building N'000	Plant & Machinery N'000	Furniture & fitting N'000	Computer & office equipment N'000	Trucks & Motor Vehicles N'000	Factory Equipment N'000	Capital work-in- progress N'000	Total N'000
<b>Cost</b>									
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)
<b>At 31 December, 2018</b>	<b>183,565</b>	<b>2,108,808</b>	<b>2,964,306</b>	<b>74,295</b>	<b>299,171</b>	<b>540,901</b>	<b>-</b>	<b>470,335</b>	<b>6,641,382</b>
<b>At 1 January, 2019</b>	<b>183,565</b>	<b>2,108,808</b>	<b>2,964,306</b>	<b>74,295</b>	<b>299,171</b>	<b>540,901</b>	<b>-</b>	<b>470,335</b>	<b>6,641,382</b>
Additions	6,568	76,783	57,021	2,054	11,806	255,297	181	699,206	1,108,916
Reclassified	(20,021)	20,021	(41,927)	-	-	-	41,927	-	-
Transfers	164,055	333,124	603,610	-	(8,273)	-	-	(1,092,518)	(2)
Disposals	-	-	(10,104)	-	-	(92,891)	-	-	(102,995)
<b>At 31 December, 2019</b>	<b>334,167</b>	<b>2,538,736</b>	<b>3,572,906</b>	<b>76,349</b>	<b>302,704</b>	<b>703,307</b>	<b>42,108</b>	<b>77,023</b>	<b>7,647,301</b>
<b>Depreciation and Amortisation</b>									
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)
<b>At 31 December, 2018</b>	<b>-</b>	<b>496,764</b>	<b>1,944,741</b>	<b>55,119</b>	<b>256,104</b>	<b>389,301</b>	<b>-</b>	<b>-</b>	<b>3,142,029</b>
<b>At 1 January, 2019</b>	<b>-</b>	<b>496,764</b>	<b>1,944,741</b>	<b>55,119</b>	<b>256,104</b>	<b>389,301</b>	<b>-</b>	<b>-</b>	<b>3,142,029</b>
Charge for the year	-	70,744	274,376	5,305	4,747	87,316	16,191	-	458,680
Reclassified	-	-	(14,177)	-	-	-	14,177	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	(10,104)	-	-	(91,678)	-	-	(101,782)
<b>At 31 December, 2019</b>	<b>-</b>	<b>567,508</b>	<b>2,194,836</b>	<b>60,424</b>	<b>260,851</b>	<b>384,939</b>	<b>30,368</b>	<b>-</b>	<b>3,498,927</b>
<b>Carrying amounts:</b>									
<b>At 31 December, 2019</b>	<b>334,167</b>	<b>1,971,228</b>	<b>1,378,071</b>	<b>15,925</b>	<b>41,852</b>	<b>318,369</b>	<b>-</b>	<b>77,023</b>	<b>4,148,374</b>
At 31 December, 2018	183,565	1,612,044	1,019,565	19,176	43,067	151,600	-	470,335	3,499,352

(a) Included in the depreciation charged for the year was N49,781,636 (December 2018: N16,376,630) in the administrative expenses, N64,268,395 (December 2018: N14,049,307) in the distribution, sales and marketing and a charge of N330,766,882 (December 2018: N360,220,247) 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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Group</b>	<b>Company</b>
	<b>N'000</b>	<b>N'000</b>
<b>15. Intangible assets</b>		
<b>Cost:</b>		
At 1 January 2018	33,648	33,648
Impairment loss	(33,648)	(33,648)
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>
At 1 January 2019	-	-
Additions in the year	44,865	44,865
<b>At 31 December 2019</b>	<b>44,865</b>	<b>44,865</b>
<b>Accumulated amortisation and impairment loss:</b>		
At 1 January 2018	-	-
Impairment loss	-	-
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>
At 1 January 2019	-	-
Amortisation charge in the year	4,233	4,233
<b>At 31 December 2019</b>	<b>4,233</b>	<b>4,233</b>
<b>Carrying amount :</b>		
At 31 December 2018	-	-
<b>At 31 December 2019</b>	<b>40,632</b>	<b>40,632</b>

(a) Included in the depreciation charged for the year was N4,233,000 (December 2018:Nil) in the administrative expenses, Nil (December 2018:Nil) in the distribution, sales and marketing and a charge of Nil(December 2018 :Nil) to costs of sales in the statement of profit or loss and other comprehensive income for the Group.

(b) No impairment of intangible assets during the year

(c) All intangible assets owned by the Group comes from the Parent company.

(d) This represents cost of Microsoft Navision accounting software purchased and capitalised during the year.

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	Held by (Units) In thousand	% voting power	Place of Incorporation of operation	Group		Company	
				2019 N'000	2018 N'000	2019 N'000	2018 N'000
<b>16. Investment in subsidiaries</b>							
<b>Carrying amount-at costs</b>							
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
Tydispak Nigeria Limited (Note 16iii)	1,000	100%	Nigeria	-	-	1,000	1,000
				<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>

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) **Tydispak 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, Tydispak Nigeria Limited and Servisure Nigeria Limited. The investment is carried at cost.

**16.2. Summary of results:**

	Osworth Nigeria Limited	Servisure Nigeria Limited	Tydispak Nigeria Limited
	N'000	2019 N'000	N'000
Revenue	393,765	-	-
Profit/(loss) before tax	21,187	(1,165)	(1,430)
Taxation	-	-	-
Total Assets	298,162	15,259	1,463
Total Liabilities	258,663	15,163	6,351

**Summary of cash flows:**

Net cash from operating activities	29,638	-	(200)
Net cash from investing activities	(16,583)	-	-
Net cash used in financing activities	-	-	-
Cash and cash equivalents at 1 January	53,555	44	1,663

**Cash and cash equivalents at 31 December**

	66,610	44	1,463
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**16.3. Summary of results:**

	Osworth Nigeria Limited	Servisure Nigeria Limited	Tydispak Nigeria Limited
	N'000	2018 N'000	N'000
Revenue	-	-	-
Profit/(loss) before tax	302,216	(1,830)	(1,818)
Taxation	26,770	(6)	(3)
Total Assets	249,547	15,259	1,663
Total Liabilities	231,234	13,998	5,120

**Summary of cash flows:**

Net cash from operating activities	42,794	-	-
Net cash from investing activities	(5,763)	-	-
Net cash used in financing activities	-	-	-
Cash and cash equivalents at 1 January	16,524	44	1,663

**Cash and cash equivalents at 31 December**

	53,555	44	1,663
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. 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%

**17.1 Summarised financial information of Joint Venture**

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

Biovaccine Nigeria Limited	2019 N'000	2018 N'000
Current assets	<u>959,653</u>	<u>717,460</u>
Non-current assets	<u>1,589,453</u>	<u>1,593,743</u>
Current liabilities	<u>(1,566,806)</u>	<u>(1,467,687)</u>
Non-current liabilities	<u>-</u>	<u>-</u>
<b>The following amounts have been included in the amounts above:</b>		
Cash and cash equivalents	<u>272,661</u>	<u>66,175</u>
Current financial liabilities(excluding trade and other payables and provisions)	<u>(1,563,793)</u>	<u>(1,273,393)</u>
Non-current financial liabilities(excluding trade and other payables and provisions)	<u>-</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>17.2 Revenue</b>	-	-	-	-
Loss from continuing operations	(24,220)	(107,836)	(107,836)	(107,836)
Profit or loss net of tax from discontinued operations	-	-	-	-
<b>Loss for the year</b>	<b>(24,220)</b>	<b>(107,836)</b>	<b>(107,836)</b>	<b>(107,836)</b>
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>(24,220)</b>	<b>(107,836)</b>	<b>(107,836)</b>	<b>(107,836)</b>
<b>The following amounts have been included in the amounts above:</b>				
Depreciation	(7,811)	(14,928)	(14,928)	(14,928)
Interest income	-	-	-	-
Interest expense	(267)	(18)	(18)	(18)
Income tax expense	-	-	-	-
Dividends received from the joint venture during the year	-	-	-	-
<b>17.2a Reconciliation of the summarised financial information to the carrying amount of the interest in the joint venture recognised in the Group's financial statements.</b>				
Net assets of the joint venture	982,300	843,516	843,516	843,516
Proportion of the Group's ownership interest in the joint ventures	51%	51%	51%	51%
<b>Gross amount of the Group's interest in the joint venture</b>	<b>500,973</b>	<b>430,193</b>	<b>430,193</b>	<b>430,193</b>
Amount payable to Biovaccine Nigeria Limited	-	-	-	-
Amount payable to Biovaccine Nigeria Limited	736,671	862,448	896,693	896,693
Share of accumulated loss from the joint ventures in the year	(12,352)	(54,996)	-	-
<b>Carrying amount of the Group's interest in the joint venture</b>	<b>1,225,292</b>	<b>1,237,645</b>	<b>1,326,886</b>	<b>1,326,886</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>18. Inventories</b>				
Raw materials	207,246	277,404	207,127	276,805
Packaging materials	260,054	376,785	248,833	359,639
Work-in-progress	230,239	164,992	230,239	164,963
Finished goods	694,967	616,652	559,211	503,101
Spare parts	116,192	138,596	116,192	138,596
Consumables	82,366	20,844	82,366	20,844
	<b>1,591,064</b>	<b>1,595,274</b>	<b>1,443,968</b>	<b>1,463,949</b>

(a) Inventories value of N1,444 million (2018 : N1,464 million) were carried at net realisable value. There are no inventories pledge as securities for liabilities.

(b) Inventory written down during the year amounted to Nil (2018: Nil).

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>19. Trade and other receivables</b>				
<b>Trade receivables</b>				
Trade receivables (Note 19.1)	1,970,269	1,653,518	1,894,201	1,592,611
Less: allowance for doubtful debts (Note 19.3)	(424,442)	(399,557)	(409,349)	(391,785)
	<b>1,545,827</b>	<b>1,253,961</b>	<b>1,484,852</b>	<b>1,200,826</b>
<b>Other receivables</b>				
Staff loans and advances	254,399	236,645	234,601	218,140
Receivable from related parties (Note 19.5a)	-	-	190,465	207,717
Withholding tax recoverable	78,660	75,304	63,197	59,904
Refundable deposits to suppliers	7,257	4,781	7,257	4,781
VAT asset, ITF & Insurance claim	4,628	4,563	4,628	4,563
Sundry Debtors	42,350	47,900	42,350	47,900
	<b>387,293</b>	<b>369,193</b>	<b>542,497</b>	<b>543,005</b>
Less: allowance for doubtful debts (Note 19.4)	(322,188)	(278,302)	(304,762)	(260,876)
<b>Total other receivables</b>	<b>65,105</b>	<b>90,891</b>	<b>237,735</b>	<b>282,129</b>
<b>Total trade and other receivables</b>	<b>1,610,932</b>	<b>1,344,852</b>	<b>1,722,587</b>	<b>1,482,955</b>

**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.

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	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>19.2 Ageing of past due receivables:</b>				
0 - 30 days	<b>447,453</b>	485,580	<b>457,678</b>	485,580
31 - 60 days	<b>447,453</b>	283,286	<b>428,006</b>	283,286
61 - 90 days	<b>447,453</b>	35,312	<b>125,354</b>	35,312
91 - 360 days	<b>447,453</b>	426,246	<b>401,663</b>	426,246
Over 360 days (Note 20.2a)	<b>423,094</b>	423,094	<b>481,500</b>	362,187
<b>Total</b>	<b><u>1,970,269</u></b>	<b><u>1,653,518</u></b>	<b><u>1,894,201</u></b>	<b><u>1,592,611</u></b>

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.

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>19.3 Movement in the allowance for doubtful debts-trade receivables</b>				
At 1 January	<b>399,557</b>	275,296	<b>391,785</b>	263,359
Adjustment on initial application of IFRS 9 (net of tax)	-	4,967	-	4,967
Impairment losses recognised	<b>34,501</b>	171,924	<b>27,180</b>	177,752
Bad debt written off in the year	<b>(9,616)</b>	5,828	<b>(9,616)</b>	-
Amount recovered during the year	-	(58,458)	-	(54,293)
<b>At 31 December</b>	<b><u>424,442</u></b>	<b><u>399,557</u></b>	<b><u>409,349</u></b>	<b><u>391,785</u></b>

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

**19.4 Movement in the allowance for doubtful debts-other receivables**

At 1 January	<b>278,302</b>	186,660	<b>260,876</b>	175,062
Adjustment on initial application of IFRS 9 (net of tax)	<b>49</b>	3,516	<b>50</b>	3,516
Reclassified from bank balance	<b>42,500</b>	-	<b>42,500</b>	-
Impairment losses recognised	<b>1,337</b>	88,126	<b>1,335</b>	82,298
<b>At 31 December</b>	<b><u>322,188</u></b>	<b><u>278,302</u></b>	<b><u>304,762</u></b>	<b><u>260,876</u></b>

**19.5 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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19.5a The aggregate value of transactions and outstanding balances relating to these entities were as follows:

Related Parties	Nature of Transactions	Relationship	Group		Company	
			2019	2018	2019	2018
Receivable from related parties:			N'000	N'000	N'000	N'000
Osworth Trading Co. Ltd.	Shared costs	Subsidiary	-	-	170,677	190,308
Servisure Nig. Ltd.	Shared costs	Subsidiary	-	-	14,687	13,480
Tytipacks Nig. Ltd.	Shared costs	Subsidiary	-	-	5,101	3,929
Total receivable from related parties:			-	-	190,465	207,717
Payable to related party:						
Biovaccines Nig. Ltd.	Shared costs	Joint venture	599,458	605,696	599,458	905,696
Net related parties amount			(599,458)	(605,696)	(408,993)	(697,978)
20. Other assets						
Advance payment to suppliers(Note 20.1)			136,082	60,333	136,082	60,333
Prepayments			193,599	90,419	191,677	86,897
			329,681	150,751	327,759	147,229

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

**21. Cash and cash equivalent as per statement of financial position**

Cash in hand	11,360	49,783	9,578	46,577
Cash at bank	378,124	183,870	310,051	130,315
Short term placements (Note 21.2)	141,093	35,304	141,093	35,304

21.1 Bank overdraft used for cash management (Note 24)

	530,577	268,957	460,722	212,196
	(3,488)	(786,183)	(3,488)	(786,183)

**Cash and cash equivalent as per statement of cashflow**

	<b>527,089</b>	<b>(517,226)</b>	<b>457,234</b>	<b>(573,986)</b>
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**{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 N35,212,077 fixed dividend account and placement of N105,880,876.

	Group		Company	
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
<b>22. Share capital</b>				
<b>Authorised:</b>				
3,800,000,000 ordinary shares of 50kobo each	1,900,000	1,900,000	1,900,000	1,900,000
<b>22.1 Issued and fully paid:</b>				
1,725,234,886 (Dec 2018: 980,000,000) ordinary shares of 50 kobo each	862,617	490,000	862,617	490,000
At 1 January	490,000	490,000	490,000	490,000
Right issue in the year	372,617	-	372,617	-
<b>At 31 December</b>	<b>862,617</b>	<b>490,000</b>	<b>862,617</b>	<b>490,000</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>22.2 Share premium</b>				
At 1 January	1,572,622	1,626,094	1,572,622	1,626,094
Right issue in the year	1,490,469	-	1,490,469	-
Share Issue Expenses (Note 22.2.1)	(51,026)	(53,472)	(51,026)	(53,472)
<b>At 31 December</b>	<b>3,012,065</b>	<b>1,572,622</b>	<b>3,012,065</b>	<b>1,572,622</b>
<b>22.2.1</b> At the Board meeting held on 27 Sept.2018, the board unanimously decided to do a rights issue of 980,000,000 shares (1for1) at N2.50k to raise N2.45bn However the issue was completed at a 76% success rate with 745,234,886 shares taken thus raising N1,863,087,215.				
<b>23. Retained earnings</b>				
At 1 January	1,554,782	1,173,412	1,645,390	1,232,859
Adjustment on initial application of IFRS 9 (net of tax)	-	(7,830)	-	(8,543)
Profit for the year	716,440	585,201	710,233	617,074
Dividend declared and paid	(345,047)	(196,000)	(345,047)	(196,000)
<b>At 31 December</b>	<b>1,926,175</b>	<b>1,554,782</b>	<b>2,010,576</b>	<b>1,645,390</b>
	<b>1,926,111</b>	<b>1,554,794</b>	<b>2,010,576</b>	<b>1,645,429</b>
<b>23.1</b> All the profit of the Group is attributable to Owners of the Parents as there are no non-controlling interests.				<b>(64)</b>
<b>23.2 Asset revaluation reserve</b>				
At 1 January	-	-	-	-
Arising during the year (Note 23.1.1)	80,000	-	80,000	-
Deferred tax on revaluation	(8,000)	-	(8,000)	-
<b>At 31 December</b>	<b>72,000</b>	<b>-</b>	<b>72,000</b>	<b>-</b>
	<b>72,000</b>	<b>-</b>	<b>72,000</b>	<b>-</b>
<b>23.1.1</b> This represent valuation gain on investment in Biovaccine Joint Ventures.				
<b>24. Loans and borrowings</b>				
<b>a. Secured amounts:</b>				
Bank overdrafts (Note 24.3i)	3,488	786,183	3,488	786,183
Term loans- Bank of Industry 1 (Note 24.3ii)	-	164,172	-	164,172
Term loans- Bank of Industry 2 (Note 24.3ii)	-	426,881	-	426,881
Term loans-CBN Intervention fund (Note 24.3iii)	52,926	123,013	52,926	123,013
Short term import facility	426,092	-	426,092	-
Payable to related party - Biovaccines Nig Ltd	-	-	-	-
	<b>479,018</b>	<b>714,066</b>	<b>479,018</b>	<b>714,066</b>
<b>Total borrowed fund</b>	<b>482,506</b>	<b>1,500,249</b>	<b>482,506</b>	<b>1,500,249</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>24.1 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>				
<b>b. Analysis by maturity:</b>				
<b>Current-due within 1 year as follows:</b>				
Bank overdrafts	3,488	786,183	3,488	786,183
Term loans - Bank of Industry 1	-	469,069	-	469,069
Term loans - Bank of Industry 2	-	121,984	-	121,984
Term loans - CBN Intervention fund	52,926	70,000	52,926	70,000
Short term import facility	426,092	-	426,092	-
<b>Total current borrowed fund</b>	<b>482,506</b>	<b>1,447,236</b>	<b>482,506</b>	<b>1,447,236</b>
<b>Non-current-due after 1 year as follows:</b>				
Term loans-CBN Intervention fund	-	53,013	-	53,013
Payable to related party - Biovaccines Nig Ltd	-	-	-	-
<b>Total non-current borrowed fund</b>	<b>-</b>	<b>53,013</b>	<b>-</b>	<b>53,013</b>
<b>Total borrowed fund</b>	<b>482,506</b>	<b>1,500,249</b>	<b>482,506</b>	<b>1,500,249</b>
<b>24.2 Movement in borrowings other than overdraft</b>				
At 1 January	1,014,066	1,877,326	1,014,066	1,877,326
Repayments of loans and borrowings	(535,048)	(863,260)	(535,048)	(863,260)
<b>At 31 December</b>	<b>479,018</b>	<b>1,014,066</b>	<b>479,018</b>	<b>1,014,066</b>
	<b>479,018</b>	<b>714,066</b>	<b>479,018</b>	<b>714,066</b>

**24.3 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) 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.

Loans from BOI have been fully repaid during the year.

**iii) 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 instalments 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**25. 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.

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>25.1 Statement of financial position</b>				
Defined benefit obligation schemes (Note 25.2)	<b>49,347</b>	100,018	<b>49,192</b>	98,372
<b>25.2 Movement in benefit obligation scheme:</b>				
At 1 January	<b>100,018</b>	78,917	<b>98,372</b>	78,095
Deducted during the year	<b>15,812</b>	31,774	<b>15,589</b>	31,774
Benefits remitted/ paid	<b>(66,484)</b>	(10,673)	<b>(64,770)</b>	(11,497)
<b>At 31 December</b>	<b>49,347</b>	100,018	<b>49,192</b>	98,372
<b>25.3 The present value of the liabilities of the scheme</b>				
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:				
<b>Gratuity</b>	<b>49,347</b>	100,018	<b>49,192</b>	98,372

With effect from 1 April 2019, the company introduced a new scheme known as 'sweetener'. The new scheme is to be applied at 4% on basic, housing and transport of the staff. This is payable monthly to FBN Quest, the fund administrators.

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	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>26. Trade and other payables</b>				
Trade creditors (Note 26.1)	<b>887,501</b>	426,822	<b>820,519</b>	379,593
<b>Other payables:</b>				
Payables to related party (Note 19.5a)	<b>599,458</b>	905,696	<b>599,458</b>	905,696
Accruals	<b>264,559</b>	101,859	<b>248,423</b>	98,571
National Housing Fund (Note 26.2a)	<b>524</b>	524	<b>524</b>	524
Industrial Training Fund Levy (Note 26.2a)	<b>531</b>	3,709	-	3,709
Nigeria Social & Industrial Training Fund (Note 26.2a)	<b>3,989</b>	3,106	<b>3,879</b>	3,106
Unclaimed dividends (Note 26.2b)	<b>134,411</b>	134,478	<b>134,411</b>	134,478
Co-operative liabilities	<b>10,866</b>	12,182	<b>10,866</b>	12,182
Distributors Refundable Deposit	<b>241</b>	241	<b>241</b>	241
Value added tax liabilities (Note 26.2a)	<b>746</b>	3,414	<b>627</b>	3,036
Withholding tax liabilities (Note 26.2a)	<b>35,964</b>	109,795	<b>34,603</b>	109,062
Pay-As-You-Earn liabilities (Note 26.2a)	<b>49,844</b>	43,223	<b>48,320</b>	43,223
Staff Welfare Liabilities	<b>1,234</b>	6,774	<b>132</b>	6,774
Union Dues	<b>1,424</b>	380	<b>1,168</b>	380
Defined contribution schemes	<b>5,525</b>	23,913	<b>4,576</b>	23,913
Other payables	<b>14,363</b>	2,644	-	38
	<b>1,123,680</b>	1,351,940	<b>1,087,228</b>	1,344,935
	<b>2,011,180</b>	1,778,762	<b>1,907,747</b>	1,724,528

**26.1** 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.

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

**a.** 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.

**b.** These represents the total unclaimed dividend pool to several shareholders as at 31 December 2019. The amounts have been invested in line with the provisions of the Investment and Securities Act 2007.

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>27. Deferred income</b>				
Deferred government grant income (Note 28.1)	-	23,843	-	23,843
	-	23,843	-	23,843

**27.1** 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 N23,843,063.61 was released into the income statement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 28. Guarantees and other financial commitments

#### Charges on asset

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

#### Capital expenditure

Capital expenditure authorised by the Directors but not contracted was Nil (Dec 2018 : 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.

### 29. Contingent liabilities

There were no contingent liabilities resulting from litigations at 31 December 2019 (December 2018- Nil).

Appropriate provision has been made in these consolidated financial statements for likely liabilities arising from these cases.

### 30. Related party information

#### 30.1 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.

**Tydispicks 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.

Senator Daisy Danjuma

Mr. Nnamdi N Okafor

Mr. I. Dankaro

Mr. A. Adeleke

Mrs. G. I. Odumodu

Dr. Edugie Abebe

Chief Samuel M. Onyishi

Chukuka S. Chukutem

Ayodeji S. Aboderin

Valentine C. Okelu

Mrs. Gladys N. Umoh

Godwin O. Obiakor

Mrs. Yetunde O. Adigun

Non-executive Director

Executive Director

Non-executive Director

Non-executive Director

Non-executive Director

Non-exec Director

Non-exec Director

Executive Director

Executive Director

Executive Director

Head, Human Capital Div.

Head, Internal Control, Risk/Compliance

Head, Pharma Plant manufacturing Div.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 30.2 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.

### 30.3 Related party transactions

The Group's related party transactions are with Osworth Trading Co. Ltd, Servisure Nig. Ltd, Tydipacks Nig. Ltd & Biovaccines Nig.Ltd. At **31 December 2019**, 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
<b>2019</b>					
Group to the related parties	-	-	-	599,458	599,458
Related parties invoices to the Group	170,677	14,687	5,101	599,458	789,923
<b>2018</b>					
Group to the related parties	-	-	-	905,696	905,696
Related parties invoices to the Group	190,308	13,480	3,929	905,696	1,113,413

### 30.4 Loans to related parties

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

### 30.5 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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
<b>Directors remuneration</b>				
Directors fees	7,750	2,650	7,750	2,650
Salaries and allowances	83,061	90,433	83,061	90,433
	<b>90,811</b>	<b>93,083</b>	<b>90,811</b>	<b>93,083</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 30.6a Staff costs

The aggregate employee remuneration is as follows:

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Salaries and wages	673,162	634,856	640,907	610,046
Staff pension and gratuity	72,416	78,366	68,981	78,366
	<b>745,578</b>	<b>713,222</b>	<b>709,888</b>	<b>688,412</b>

### 30.6b Employees remunerated at a higher rates

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

N		N			
250,001 -	300,000	44	-	44	-
300,001 -	350,000	15	-	15	-
350,001 -	400,000	-	4	-	4
400,001 -	450,000	4	28	4	28
450,001 -	500,000	29	22	29	22
500,001 -	550,000	17	16	17	16
550,001 -	600,000	14	42	14	33
600,001 -	650,000	33	10	25	9
650,001 -	600,000	31	28	31	28
700,001 and above		138	112	131	108
		<b>325</b>	<b>262</b>	<b>310</b>	<b>248</b>

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

Managerial	16	15	15	14
Senior staff	165	163	151	150
Junior staff	144	84	144	84
	<b>325</b>	<b>262</b>	<b>310</b>	<b>248</b>

## 31 Financial Instruments

### 31.1 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	
	2019 N'000	2018 N'000
Gearing ratio		
The gearing ratio is as follows:		
<b>Net debt</b>		
Debt	479,018	1,500,249
Cash and cash equivalents	(530,577)	(268,957)
<b>Net debt</b>	<b>(51,559)</b>	<b>1,231,292</b>
<b>Equity</b>		
Ordinary shares	862,617	490,000
Share premium	3,012,065	1,572,622
Retained earnings	1,926,176	1,589,025
	<b>5,800,858</b>	<b>3,651,647</b>
<b>Net debt to equity ratio</b>	<b>-1%</b>	<b>34%</b>

Debt is defined as current and non-current borrowings (as described in Note 24).

Equity includes all capital and reserves of the Group that are managed as capital.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**31.2a Categories of financial instruments-Group**

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

**31 December 2019**

	Carrying amount			
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non- financial N'000
<b>Asset</b>				
Property, plant and equipment	-	-	-	4,165,575
Intangible assets	-	-	-	40,632
Investment in Joint Venture	-	-	-	1,225,292
Inventories	-	-	-	1,591,064
Trade and other receivables	1,545,827	-	-	65,105
Other assets	-	-	-	329,681
Cash and cash equivalents	530,577	-	-	-
	<u>2,076,404</u>	<u>-</u>	<u>-</u>	<u>7,417,349</u>
				<u>9,493,753</u>
	Carrying amount			
	Amortised cost N'000	FVTPL N'000	Non- financial N'000	Total N'000
<b>Liabilities</b>				
Loans and borrowings	482,506	-	-	482,506
Deferred tax liabilities	-	-	936,814	936,814
Trade and other payables	-	-	2,011,180	2,011,180
Current tax liabilities	-	-	141,047	141,047
Deferred income	-	-	-	-
	<u>482,506</u>	<u>-</u>	<u>3,089,042</u>	<u>3,571,548</u>

The Group's financial assets and financial liabilities 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
<b>Asset</b>				
Property, plant and equipment	-	-	-	3,504,599
Intangible assets	-	-	-	-
Investment in Joint Venture	-	-	-	1,237,645
Inventories	-	-	-	1,595,274
Trade and other receivables	1,253,961	-	-	90,891
Other assets	-	-	-	150,751
Cash and cash equivalents	268,957	-	-	-
	<u>1,522,918</u>	<u>-</u>	<u>-</u>	<u>6,579,160</u>
				<u>8,102,077</u>
	Carrying amount			
	Amortised cost N'000	FVTPL N'000	Non- financial N'000	Total N'000
<b>Liabilities</b>				
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
	<u>1,500,249</u>	<u>-</u>	<u>2,984,427</u>	<u>4,484,676</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 31.2b Categories of financial instruments-the Company

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

31 December 2019

	Carrying amount			
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non- financial N'000
<b>Asset</b>				
Property, plant and equipment	-	-	-	4,148,374
Intangible assets	-	-	-	40,632
Investment in subsidiaries	-	-	-	3,000
Investment in Joint Venture	-	-	-	1,326,886
Inventories	-	-	-	1,443,968
Trade and other receivables	1,484,852	-	-	237,735
Other assets	-	-	-	327,759
Cash and cash equivalents	460,722	-	-	-
	<u>1,945,574</u>	<u>-</u>	<u>-</u>	<u>7,528,353</u>
				<u>9,473,928</u>
	Carrying amount			
	Amortised cost N'000	FVTPL N'000	Non- financial N'000	Total N'000
<b>Liabilities</b>				
Loans and borrowings	482,506	-	-	482,506
Deferred tax liabilities	-	-	936,178	936,178
Trade and other payables	-	-	1,907,747	1,907,747
Current tax liabilities	-	-	141,047	141,047
Deferred income	-	-	-	-
	<u>482,506</u>	<u>-</u>	<u>2,984,972</u>	<u>3,467,478</u>

The Company's financial assets and financial liabilities 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
<b>Asset</b>				
Property, plant and equipment	-	-	-	3,499,352
Intangible assets	-	-	-	-
Investment in subsidiaries	-	-	-	3,000
Investment in Joint Venture	-	-	-	1,326,886
Inventories	-	-	-	1,463,949
Trade and other receivables	1,200,825	-	-	282,129
Other assets	-	-	-	147,229
Cash and cash equivalents	212,196	-	-	-
	<u>1,413,021</u>	<u>-</u>	<u>-</u>	<u>6,722,544</u>
				<u>8,135,566</u>
	Carrying amount			
	Amortised cost N'000	FVTPL N'000	Non- financial N'000	Total N'000
<b>Liabilities</b>				
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
	<u>1,500,249</u>	<u>-</u>	<u>2,927,308</u>	<u>4,427,557</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 31.3. Financial risk management objectives

The company's Corporate Treasury function provides services to the business, co-ordinates foreign exchange 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.

### 31.4. 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.

#### Exposure to foreign currency

Bank account:

- in US Dollars
- in Euros
- in GBP

Group and Company	
2019	2018
N'000	N'000
1,046	1,307
1	1,335
9,234	154
<b>10,282</b>	<b>2,796</b>

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

### 31.5. 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.

#### Exposure to credit risk

- Trade receivables
- Other receivables
- Bank balances

Group		Company	
2019	2018	2019	2018
N'000	N'000	N'000	N'000
1,970,269	1,653,518	1,894,201	1,592,611
387,293	369,193	542,497	543,005
530,577	268,957	460,722	212,196
<b>2,888,140</b>	<b>2,291,668</b>	<b>2,897,420</b>	<b>2,347,812</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 31.5.1 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.

### 31.5.2 Other receivables

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

### 31.5.3 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.

### 31.6 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 tenured borrowings. Access to sources of funding is sufficiently available.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**32a. Maturity analysis of financial instruments**

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

**Group**

	0-6 months N'000	6 months to 1 year N'000	1 year and above N'000	Total N'000
<b>2019</b>				
<b>Financial assets</b>				
Trade receivables	1,120,929	426,246	423,094	1,970,269
Other receivables	329,681	-	-	329,681
Cash and cash equivalent	530,577	-	-	530,577
	<u>1,981,187</u>	<u>426,246</u>	<u>423,094</u>	<u>2,830,527</u>
<b>Financial liabilities</b>				
Trade payables	887,501	-	-	887,501
Other payables	110,358	-	768,854	879,212
Term loans	479,018	-	-	479,018
Bank overdrafts	3,488	-	-	3,488
	<u>1,480,364</u>	<u>-</u>	<u>768,854</u>	<u>2,249,218</u>
<b>2018</b>				
<b>Financial assets</b>				
Trade receivables	1,120,929	426,246	423,094	1,970,269
Other receivables	329,681	-	-	329,681
Cash and cash equivalent	530,577	-	-	530,577
	<u>1,981,187</u>	<u>426,246</u>	<u>423,094</u>	<u>2,830,527</u>
<b>Financial liabilities</b>				
Trade payables	887,501	-	-	426,822
Other payables	110,358	-	768,854	1,328,015
Term loans	479,018	-	353,013	1,014,066
Bank overdrafts	3,488	-	-	786,183
	<u>1,480,364</u>	<u>-</u>	<u>1,121,867</u>	<u>3,555,086</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**32b. Maturity analysis of financial instruments**

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

**Company**

	0-6 months N'000	6 months to 1 year N'000	1 year and above N'000	Total N'000
<b>2019</b>				
<b>Financial assets</b>				
Trade receivables	1,011,038	401,663	481,500	1,894,201
Other receivables	327,759	-	-	327,759
Cash and cash equivalent	460,722	-	-	460,722
	<u>1,799,519</u>	<u>401,663</u>	<u>481,500</u>	<u>2,682,682</u>
<b>Financial liabilities</b>				
Trade payables	820,519	-	-	820,519
Other payables	104,937	-	608,798	713,735
Term loans	479,018	-	-	479,018
Bank overdrafts	3,488	-	-	3,488
	<u>1,407,961</u>	<u>-</u>	<u>608,798</u>	<u>2,016,759</u>
<b>2018</b>				
<b>Financial assets</b>				
Trade receivables	804,178	426,246	362,187	1,592,611
Other receivables	147,229	-	-	147,229
Cash and cash equivalent	212,196	-	-	212,196
	<u>1,163,604</u>	<u>426,246</u>	<u>362,187</u>	<u>1,952,037</u>
<b>Financial liabilities</b>				
Trade payables	379,593	-	-	379,593
Other payables	202,443	-	1,142,495	1,344,938
Term loans	661,053	-	53,013	714,066
Bank overdrafts	786,183	-	-	786,183
	<u>2,029,271</u>	<u>-</u>	<u>1,195,508</u>	<u>3,224,779</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2019

33. Events after the reporting date

33.1 Impact of Covid-19 on business operation

There was an outbreak of Covid-19 Pandemic that started from Wuhan, China since December 2019. On 11 March 2020, the World Health Organisation (WHO) declared the virus a pandemic in recognition of its widespread impact across the whole world. As a result of this, the Federal Government of Nigeria ordered a lockdown in three States of the Federation (Lagos, Ogun and Federal Capital Territory) for 5 weeks effective 30 March to 3 May 2020. This has caused significant disruption to business operations and economic activities.

However, as a Pharmaceutical Company classified under essential services, the company continues to operate its factory to supply products needed to battle the disease including products like, immunity boosters, pain relievers and hand sanitizers. All these are expected to increase revenue for these relevant products.

The directors have made assessment of the Pandemic on the Group's and the Company's ability to continue as a going concern as follows:

a. Revenue generation:

As a company operating in healthcare and pharmaceutical industry, the company is in a position to bring out relevant quality products that will be used to manage the disease. The company was among the first to produce hand sanitizers immediately the first index case was reported. This is expected to contribute to revenue for the period of the pandemic and beyond to mitigate the impact of any potential loss in sales of generic products.

b. Liquidity

In respect of the Pandemic, the Central Bank of Nigeria (CBN) has earmarked an intervention funds of N100 billion for Pharmaceutical/healthcare companies to support their business. The Company is qualified to access this interventions loan; and has submitted its application. This will further enhance liquidity position of the company.

c. Profitability

In the past 3 years, the business has returned profits and the directors believe that this current period present opportunity to maintain the trend. The company is also cutting expenses that are directly impacted by the Pandemic e.g. Travel is now inhibited. The company is also taking advantage of all opportunities presented at this time including reduced cost of financing through CBN Intervention Funds and managing of overheads and administrative costs.

In view of the above, the directors are of the opinion that Covid-19 has no significant negative impact on the going concern status of the company.

The Directors are of the opinion that no other event or transaction has occurred since the reporting date, which could have had a material effect on these consolidated financial statements at that date or which needs to be mentioned in the consolidated financial statement in the interests of fair presentation of the Group's financial position as at the reporting date or its results for the year then ended.

34. Major suppliers

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

**Local**

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

**Foreign**

IPCA Laboratories Limited (India)  
Aurobindo Pharm Limited (India)  
Surya Engineers (India)  
Caffrey Saunders Int. Limited (UK)  
Belco Pharma (India)  
Meghmani LLP  
Farmachem Life PUT Ltd  
Long Range Europe Ltd  
Jiangsu Guotar Int'l. Group Huatas Imp & Exp. Co. Ltd.  
Inventia Healthcare Limited

**CONSOLIDATED FINANCIAL STATEMENTS  
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## **Other National Disclosures**

**FIVE YEAR FINANCIAL SUMMARY - GROUP  
31 DECEMBER**

	2019 N'000	2018 N'000	2017 N'000 Restated	2016 N'000	2015 N'000
<b>Assets/Liabilities</b>					
Property, plant and equipment	4,165,575	3,504,599	3,651,101	3,987,172	4,300,147
Intangible assets	40,632	-	33,648	67,296	67,296
Investment in Joint Venture	1,225,292	1,237,645	970,944	-	-
Deposit for investment	-	-	-	245,325	245,325
Net current assets	1,427,520	(102,208)	439,531	1,183,765	114,360
Non current liabilities	(986,161)	(1,022,630)	(1,805,717)	(2,471,872)	(1,615,548)
<b>Net assets</b>	<b>5,872,858</b>	<b>3,617,405</b>	<b>3,289,506</b>	<b>3,011,686</b>	<b>3,111,580</b>
<b>Capital and reserves</b>					
Share capital	862,617	490,000	490,000	490,000	490,000
Share premium	3,012,065	1,572,622	1,626,094	1,626,094	1,626,094
Retained earnings	1,926,176	1,554,783	1,173,412	895,592	995,486
Asset revaluation reserve	72,000	-	-	-	-
<b>Shareholders fund</b>	<b>5,872,858</b>	<b>3,617,405</b>	<b>3,289,506</b>	<b>3,011,686</b>	<b>3,111,580</b>
<b>Statement of profit or loss and other comprehensive income</b>					
Turnover	8,080,390	8,552,163	8,056,961	8,469,359	7,568,466
Profit before taxation	900,906	817,913	861,145	345,939	142,397
Taxation	(184,466)	(475,226)	(234,757)	(387,033)	(74,364)
Profit/(loss) after taxation	716,440	342,684	626,388	(41,094)	68,033
<b>Per share data (kobo)</b>					
Earnings/(loss) - basic	41.53	24.75	24.75	(4.19)	6.94
Net assets	340.41	369.12	335.66	307.31	317.51

**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.



**FIVE YEAR FINANCIAL SUMMARY - COMPANY  
31 DECEMBER**

	2019 N'000	2018 N'000	2017 N'000 Restated	2016 N'000	2015 N'000
<b>Assets/Liabilities</b>					
Property, plant and equipment	4,148,374	3,499,352	3,647,403	3,977,987	4,287,425
Intangible assets	40,632	-	33,648	67,296	67,296
Investment in subsidiaries	3,000	3,000	3,000	3,000	3,000
Investment in Joint Venture	1,326,886	1,326,886	1,005,189	-	-
Deposit for investment	-	-	-	245,325	245,325
Net current assets	1,423,735	(101,480)	463,369	1,227,770	169,520
Non current liabilities	(985,369)	(1,019,745)	(1,803,656)	(2,470,807)	(1,614,483)
<b>Net assets</b>	<b>5,957,258</b>	<b>3,708,012</b>	<b>3,348,953</b>	<b>3,050,571</b>	<b>3,158,083</b>
<b>Capital and reserves</b>					
Share capital	862,617	490,000	490,000	490,000	490,000
Share premium	3,012,065	1,572,622	1,626,094	1,626,094	1,626,094
Retained earnings	2,010,576	1,645,390	1,232,859	934,477	1,041,989
Asset revaluation reserve	72,000	-	-	-	-
<b>Shareholders fund</b>	<b>5,957,258</b>	<b>3,708,012</b>	<b>3,348,953</b>	<b>3,050,571</b>	<b>3,158,083</b>
<b>Statement of profit or loss and other comprehensive income</b>					
Turnover	7,686,625	8,249,947	7,844,348	8,304,215	7,415,203
Profit before taxation	894,699	849,786	875,977	337,670	127,325
Taxation	(184,466)	(475,226)	(229,027)	(386,382)	(72,793)
Profit/(loss) after taxation	710,233	374,559	646,950	(48,712)	54,532
<b>Per share data (kobo)</b>					
Earnings/(loss) - basic	41.17	24.75	(29.57)	(4.97)	5.56
Net assets per share	345.30	378.37	341.73	311.28	322.25

**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.

## STATEMENT OF VALUE ADDED

	The Group				The Company			
	2019 N'000	%	2018 N'000	%	2019 N'000	%	2018 N'000	%
Revenue	8,080,390		8,552,163		7,686,625		8,249,947	
Other operating income	108,695		289,571		102,417		288,219	
Other gains and losses	6,427		1,712		6,427		1,712	
	8,195,512		8,843,735		7,795,469		8,540,167	
Bought-in-materials and services:								
- Imported	(4,029,367)		(4,345,107)		(3,682,981)		(4,013,878)	
- Local	(1,563,611)		(2,019,142)		(1,563,611)		(2,019,142)	
Value added	2,228,935	100	2,479,486	100	2,182,408	100	2,507,147	100
<b>Applied as follows:</b>								
<b>To employees:</b>								
Salaries, wages and other benefits	745,578	33	893,918	36	709,888	33	893,918	36
<b>To Government:</b>								
Income tax	124,648	6	202,428	8	124,648	6	202,428	8
<b>To pay providers of capital:</b>								
Finance charges	119,142	5	339,719	14	119,142	5	339,719	14
<b>To provide for maintenance of fixed assets:</b>								
- Depreciation and amortization	463,309	21	427,938	17	458,680	21	423,725	17
- Deferred taxation	59,818	3	272,799	11	59,818	3	272,799	11
- Profit and loss account	716,440	32	342,684	14	710,233	33	374,559	15
Value added	2,228,935	100	2,479,486	100	2,182,408	100	2,507,147	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.

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### MANAGEMENT INFORMATION:

#### Detailed profit or loss and other comprehensive income account

	Group		Company	
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
<b>Costs of sales</b>				
<b>Direct material costs:</b>				
Direct materials	4,713,099	5,101,749	4,514,111	4,954,683
Over direct material absorptions	(461,752)	(229,608)	(461,752)	(229,608)
<b>Total Direct material costs</b>	<b>4,251,347</b>	<b>4,872,141</b>	<b>4,052,359</b>	<b>4,725,075</b>
<b>Direct labour costs:</b>				
Salaries and allowances	181,262	193,449	181,262	193,449
Contributions to pension fund scheme	15,561	11,608	15,561	11,608
Staff gratuity expenses	5,392	9,113	5,392	9,113
Training, recruitment and canteen expenses	(2,430)	62,848	(2,430)	62,848
Medical expenses	6,906	9,796	6,906	9,796
Contract manpower	82,260	90,480	82,260	90,480
Other personnel expenses	94,478	(44,196)	94,478	(44,196)
<b>Total Direct labour costs</b>	<b>383,430</b>	<b>333,098</b>	<b>383,430</b>	<b>333,098</b>
<b>Direct expenses:</b>				
Depreciation expenses	346,646	360,220	346,646	360,220
Repairs & maintenance	120,024	120,711	120,024	120,711
Fuel, diesel and utility expenses	387,891	356,261	387,891	356,261
Other production direct expenses	(460,988)	(697,859)	(460,988)	(697,859)
<b>Total direct expenses</b>	<b>393,573</b>	<b>139,334</b>	<b>393,573</b>	<b>139,334</b>
<b>Factory overhead expenses:</b>				
Registrations and licenses expenses	7,006	4,494	7,006	4,494
Research and Development expenses	13,860	1,817	13,860	1,817
Insurance expenses	18,965	20,725	18,965	20,725
Travelling expenses	56,521	-	56,521	-
Subscription, business registration and dues	4,931	-	4,931	-
Stationeries expenses	665	7,905	665	7,905
Other overhead expenses	44,565	9,462	44,565	9,462
<b>Total factory overhead expenses</b>	<b>146,513</b>	<b>44,403</b>	<b>146,513</b>	<b>44,403</b>
<b>Total costs of sales</b>	<b>5,174,863</b>	<b>5,388,976</b>	<b>4,975,875</b>	<b>5,241,910</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**MANAGEMENT INFORMATION:**

**Detailed profit or loss and other comprehensive income account**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Distribution, Sales and marketing expenses</b>				
Salaries and Allowances	<b>202,455</b>	234,506	<b>183,961</b>	234,506
Contributions to pension fund scheme	<b>19,927</b>	21,003	<b>18,003</b>	21,003
Employee benefits	<b>6,226</b>	12,158	<b>6,226</b>	12,158
Training, recruitment and canteen expenses	<b>8,922</b>	10,152	<b>8,922</b>	10,152
Medical expenses	<b>2,404</b>	3,312	<b>2,304</b>	3,312
Other personnel expenses	<b>22,984</b>	17,241	<b>22,691</b>	17,241
Depreciation expenses	<b>68,643</b>	14,069	<b>64,268</b>	14,069
Repairs and maintenances	<b>55,803</b>	83,831	<b>54,978</b>	83,831
Fuel, transport and traveling expenses	<b>157,579</b>	152,319	<b>155,899</b>	152,319
Advert and publicity	<b>107,716</b>	36,469	<b>92,519</b>	36,469
Research and Development expenses	<b>40,172</b>	10,745	<b>13,769</b>	10,745
Incentives	<b>246,707</b>	262,795	<b>232,093</b>	262,795
Impairment on trade and other receivable	<b>35,838</b>	260,050	<b>28,516</b>	260,050
Marketing Expenses	<b>77,170</b>	178,801	<b>10,223</b>	79,648
Carriage & Packing expenses	-	43,242	-	43,242
Depot expenses	<b>40,658</b>	3,762	<b>40,658</b>	3,762
Sampling expenses/free issues	<b>16,199</b>	15,812	<b>16,199</b>	15,812
Bad and doubtful debts	-	-	-	-
Telephone and postages	<b>6,128</b>	-	<b>6,128</b>	-
Sales Reps Fixed Expenses	<b>30,851</b>	36,070	<b>30,851</b>	36,070
Others	<b>51,151</b>	38,435	<b>50,575</b>	38,435
	<b><u>1,197,531</u></b>	<b><u>1,434,773</u></b>	<b><u>1,038,781</u></b>	<b><u>1,075,569</u></b>

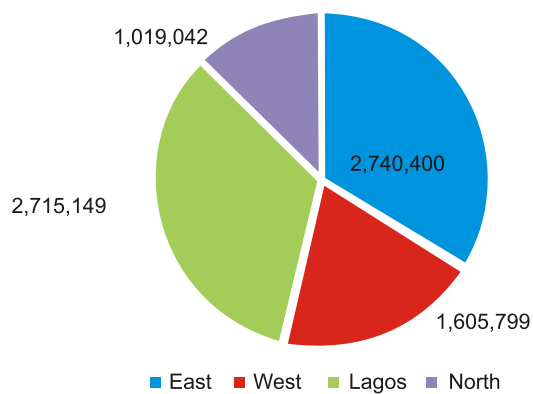
**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**MANAGEMENT INFORMATION:**

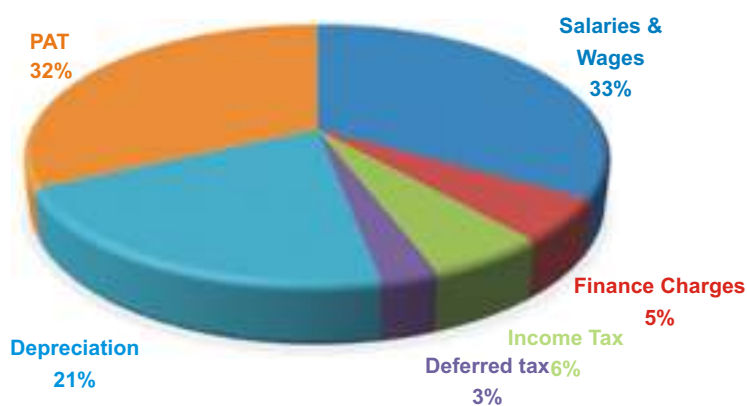
**Detailed profit or loss and other comprehensive income account**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Administrative expenses</b>				
Salaries and Allowances	170,438	152,010	162,766	145,673
Contributions to pension fund scheme	21,115	13,981	19,827	13,981
Staff employee benefit	4,195	12,074	3,972	10,503
Training, recruitment and canteen expenses	23,913	18,985	22,458	18,358
Medical expenses	6,705	6,166	6,159	5,594
Other personnel expenses	56,510	49,321	52,815	47,618
Depreciation expenses	50,036	16,567	49,782	16,377
Repairs and maintenances	31,484	31,942	28,827	31,942
Local and Foreign transport expenses	93,282	62,443	86,787	60,701
Fuel expenses	4,540	5,430	4,540	4,253
Insurance expenses	22,450	19,282	22,450	18,415
Licensing/registration	7,221	2,917	3,215	1,514
Director's emolument and expenses	83,061	90,433	83,061	90,433
Director's fees	7,750	2,650	7,750	2,650
Advert and publicity	1,123	7,534	1,123	7,534
Public relation and social responsibilities	980	4,724	980	4,724
Subscription & dues	7,587	19,806	7,587	19,297
Audit fees	12,000	11,500	10,500	10,500
Legal & professional charges	21,449	35,849	17,795	30,356
Printing & stationery	12,910	10,408	11,745	10,267
Printed and Promotional Materials	-	920	-	920
Security expenses	19,509	22,613	19,509	22,613
Telephone and postages expenses	7,379	4,049	5,894	3,193
Impairment on dormant inventory items	-	34,563	-	30,777
Company Secretary & Agm expenses	10,149	11,438	10,149	11,438
Admin & Mgt Expense	15,357	24,175	15,357	20,969
Bank charges and commissions	29,577	27,999	19,770	25,613
Electricity and Generator expenses	1,930	23,745	1,930	23,745
IT Expenses	29,827	24,434	29,827	24,434
Others	31,812	25,755	24,158	25,094
	<b>784,290</b>	<b>773,712</b>	<b>730,733</b>	<b>739,485</b>

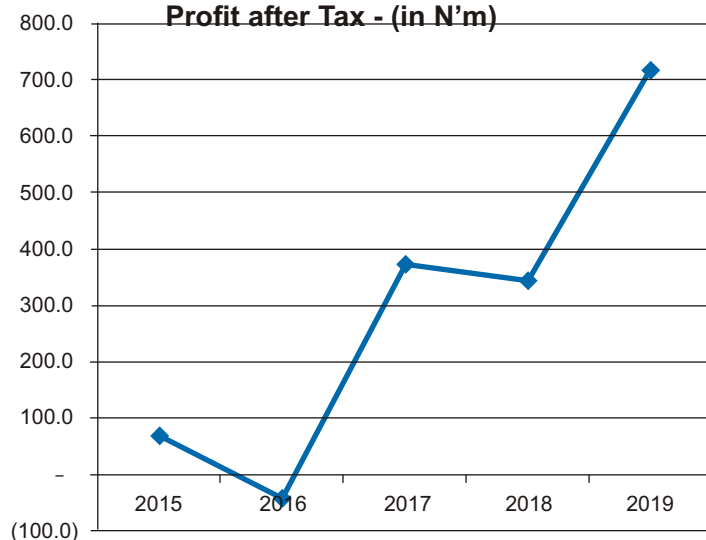
2019 Geographical Revenue-N'000m



VALUE ADDED-2019



Profit after Tax - (in N'm)





## INCORPORATION AND SHARE CAPITAL HISTORY

The company was incorporated on 4<sup>th</sup> September, 1994 as a private company under the name, “May & Baker (West Africa) Limited” and the company became a public company on 13<sup>th</sup> May, 1994.

As at 31<sup>st</sup> December 2014, the company had Authorised share capital of N1,900,000,000 and a paid up capital of N490,000,000. The initial share capital on incorporation and subsequent changes therein are as follows:-

Date	Authorised (N) Increase	Cumulative	Issued & Fuly/Paid-Up (N)	Cumulative	Cash/Bonus
1944	-	50,000	-	10,000	Cash
1971	450,000	500,000		10,000	
1972	-	500,000	340,000	350,000	Bonus(1 for 4) + cash
1973	-	585,000	150,000	500,000	Cash
1974	-	585,000	84,000	584,000	Cash
1976	1,115,000	1,700,000	584,000	1,168,000	Bonus (1 for 1)
1977	1,000,000	2,700,000	584,000	1,752,000	Bonus (1 for 2)
1981	-	2,700,000	873,000	2,625,000	Cash
1984	-	3,500,000	656,250	3,281,250	Bonus (1 for 4)
1985	1,500,000	5,000,000	1,640,625	4,921,875	Bonus (1 for 2)
1989	5,000,000	10,000,000	2,460,937.5	7,382,813	Bonus (1 for 2)
1990	10,000,000	20,000,000	6,328,125	13,710,938	Bonus (1 for 7)
1992	30,000,000	50,000,000	1,371,093.5	15,082,031	Bonus (1 for 10)
1993	-	50,000,000	7,540,234.5	22,622,266	Cash
1994	-	50,000,000	22,623,047	45,245,313	Cash
1996	50,000,000	100,000,000	22,622,891	67,868,204	Cash
2001	-	100,000,000	18,098,312	90,491,560	Bonus (1 for 3)
2004	100,000,000	200,000,000	10,858,988	108,589,875	Bonus (1 for 5)
2005	150,000,000	350,000,000	230,551,137	350,000,000	Bonus (1 for 10)
2006	-	350,000,000	-	350,000,000	Cash
2007	150,000,000	500,000,000	-	350,000,000	
2008	-	500,000,000	-	350,000,000	
2009	-	500,000,000	140,000,000	490,000,000	
2010	500,000,000	1,000,000,000	-	490,000,000	Bonus (2 for 5)
2011	-	1,000,000,000	-	490,000,000	
2012	-	1,000,000,000	-	490,000,000	
2013	-	1,000,000,000	-	490,000,000	
2014	900,000,000	1,900,000,000	-	490,000,000	
2015	-	1,900,000,000	-	490,000,000	
2016	-	1,900,000,000	-	490,000,000	
2017	-	1,900,000,000	-	490,000,000	
2018	1,100,000,000	3,000,000,000	-	490,000,000	
2019	-	3,000,000,000	-	862,617,443	



**MAY & BAKER NIGERIA PLC**

## Unclaimed Dividend

Shareholders who have not received dividend for previous years are advised to check with Veritas Registrars Limited.

A comprehensive list will also be available at the AGM venue

Plot 89A, Ajoye Adeogun Street,  
Victoria Island Extension, Lagos.  
P. O. Box 75315, Victoria Island, Lagos.  
Tel: 2708930-4, 2793873, 2716116.

E-mail: [enquiry@veritasregistrars.com](mailto:enquiry@veritasregistrars.com)  
Website: [veritasregistrars.com](http://veritasregistrars.com)



## E-DIVIDEND FORM

**MAY & BAKER NIGERIA PLC**

Dear Shareholder,

We are pleased to advise you of e-dividend payment service which enables direct credit of dividend to your bank account.

To:

Veritas Registrars Ltd.  
Plot 89A, Ajose Adeogun Street,  
Victoria Island Extension, Lagos.  
P. O. Box 75315, Victoria Island, Lagos.

I/We hereby request that from now on, all my/our dividend warrant(s) due to me(us) from my/our holding(s) in May & Baker Nigeria Plc to be paid directly to my/our Bank named below

Surname/Company Name

[illegible]

First Name:

[illegible]

Middle Name:

[illegible]

Address:

[illegible]

Mobile No:

[illegible]

E-mail Address:

[illegible]

Vertas Registrars Shareholders Account No:

[illegible]

Bank Name:

[illegible]

Bank Branch:

[illegible]

Account No:

[illegible]

Account Type:

[illegible]

Date: \_\_\_\_\_ 20\_\_\_\_ If Company:

## Single Shareholder's

Authorised Signatories: 1\_\_\_\_\_

Signature\_\_\_\_\_

2\_\_\_\_\_

Shareholder's 1 \_\_\_\_\_

Company Seal: \_\_\_\_\_

2\_\_\_\_\_

Authorised Signatures & Stamp  
of Bankers: \_\_\_\_\_

Kindly note that all fields should be completed

PLEASE TEAR OFF THE FORM AND RETURN TO OUR REGISTRARS AFTER COMPLETION



# Healthy Me Happy Mum



Cefuroxime axetil 500mg Tablets

**FUROXETIL<sup>®</sup>**  
Cefuroxime axetil

- ▲ *Pleasant tasting*
- ▲ *Same trusted efficacy*
- ▲ *Tested and trusted source*
- ▲ *Child-lock to improve safety*
- ▲ *Excellent Compliance*
- ▲ *Sugar Free*

*...the right choice*



MAY & BAKER NIGERIA PLC  
1 May & Baker Avenue, Off Idiroko Road,  
(Opposite Covenant University) Ota, Ogun State, Nigeria.  
Tel: +234 (1) 2121290 - 1; +234 (1) 4533446; +234-8037220436  
info@may-baker.com



# Lixyped®

Promethazine and Pholcodeine



## Soothing relief

from

## Night Time Cough & Cold

- Dry Tickly Cough
- Irritating Night Cough
- Blocked / Stuffy Nose
- Catarrh / Runny Nose

#### CONTRA-INDICATIONS:

Hypersensitivity to promethazine or any component; narrow angle glaucoma, chronic bronchitis, chronic obstructive pulmonary disease, bronchiectasis, patients at risk of respiratory failure.

Always read product label

# Lixyped

...soothes children's cough to sleep

Manufactured by: **MAY & BAKER**



1, May & Baker Avenue,  
Off Idiroso Rd, Ikeja  
Lagos State, Nigeria  
<http://www.may-baker.com>  
Tel. No: 0189 6292 602 2037

# **MEPIRYL<sup>®</sup>**

Restores **Efficiency** in  
**glycaemic control**



Once daily  
**MEPIRYL<sup>®</sup>**

- ➔ Controls blood glucose without weight gain
- ➔ Ensures 24 hours glycaemic control
- ➔ Single daily dose guarantees convenience and compliance
- ➔ Equally effective in combination with other hypoglycaemic agents
- ➔ Equally effective in combination with insulin
- ➔ Cost benefit guaranteed



**Managing Diabetes  
just got easier ...**



**MAY & BAKER NIGERIA PLC**

1, May & Baker Avenue, Off Idiroko Road, Ota, Ogun State, Nigeria.  
Tel: +234 (0)1-2121290-1, Toll Free: 0800 6292 632 2537  
<http://www.may-baker.com>; [info@may-baker.com](mailto:info@may-baker.com)



## by Proxy Card

### ANNUAL GENERAL MEETING

To be held at the Muson Centre, Onikan,  
Lagos on Thursday 4th June, 2020 at 11.00 a.m.

I/We .....

of .....

being a member/members of  
MAY & BAKER NIGERIA PLC hereby appoint

.....

or failing him, the Chairman of the meeting as  
my/our proxy to act and vote for me/us and on  
my/our behalf at the Annual General  
Meeting of the Company to be held on Thursday,  
4<sup>th</sup> June, 2020.

Dated ..... day of..... 2020

Shareholder's Signature .....

Number of shares held		
RESOLUTIONS	FOR	AGAINST
To declare a dividend.		
To elect Sen. D. E. Danjuma		
To re-elect Mrs. G. I. Odumodu		
To re-elect Mr. I. Dankaro		
To re-elect Mr. A. A. Adeleke		
To authorise the Directors to fix the remuneration of the Auditors.		
To elect members of the Audit Committee		

Please indicate with an "X" in the appropriate square how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his/her discretion.

### NOTES

A shareholder who is unable to attend the Annual General Meeting is entitled by law to vote, on a poll by proxy. To be valid for the purpose of the meeting, this form of proxy must be completed, signed and deposited at the office of the Registrars, Veritas Registrars Limited, Plot 89 Ajose Adeogun Street Victoria Island Extension Lagos not later than 48 hours before the time of the meeting. A proxy need not be a member of the Company.

If executed by a corporation the proxy card should be sealed with its common seal.

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

### ADMISSION FORM MAY & BAKER NIGERIA PLC

#### ANNUAL GENERAL MEETING

PLEASE ADMIT THE SHAREHOLDER NAMED ON THIS FORM OR HIS DULY APPOINTED PROXY TO THE ANNUAL GENERAL MEETING TO BE HELD AT THE MUSON CENTRE, ONIKAN, LAGOS ON THURSDAY, 4<sup>TH</sup> JUNE, 2020 AT 11.00 A.M.

Name of Shareholder: .....

Number of Shares: ..... Signature of person attending .....

*Note:* You are requested to sign this form at the entrance in the presence of the Registrars or their nominees on the day of the Annual General Meeting.

# Secwid<sup>®</sup>

Secnidazole 500mg Tablets

**An  
Easy  
way**

In the treatment of most Anaerobic  
Bacterial & Protozoal Infections



Effective in treatment of:

- Amoebiasis • Giardiasis • Bacterial Vaginosis • Diarrhoea
- Trichomoniasis • Therapy & prevention of Anaerobic Infections

***first Dose is Last dose***

Manufactured by: **MAY & BAKER**



1, May & Baker Avenue,  
Off Idiroko Rd. Ota,  
Ogun State, Nigeria.  
<http://www.may-baker.com>  
Toll free: 0800 6292 632 2537

**CONTRA-INDICATIONS:** Hypersensitivity to imidazole derivatives; first three months of pregnancy; breast feeding.  
Side effects include nausea, vomiting, anorexia, metallic taste. Read product insert for more information

# DIAMET®

*Metformin Hydrochloride*

Beyond  
**Glycemic  
Control**

**Your Drug Of Choice**



**MAY & BAKER NIGERIA PLC**  
3/5 Sapara Street, Industrial Estate, P.M.B. 21049, Ikeja, Lagos.  
Tel: +234(1)2121290-1. Toll free: 0800mayandbaker  
E-mail: [info@may-baker.com](mailto:info@may-baker.com) Website: <http://www.may-baker.com>

*Metformin Hydrochloride*

## OUTCOME BENEFITS FROM INTENSIVE THERAPY

OUTCOME BENEFITS FROM INTENSIVE THERAPY				
	Metformin Intensive (n =342)		Sulphonylurea/insulin Intensive (n =951)	
	Change in risk*	P value	Change in risk*	P value
Diabetes -related deaths	42%	0.017	20%	0.19
All cause mortality	36%	0.011	8%	0.49
All disease related endpoint	32%	0.0023	7%	0.45
Myocardial infarction	39%	0.01	21%	0.11
Stroke	41%	0.13	14%	0.06
* Compared with conventional therapy (over weight group)				
UKPDS 34 Lancet 1998: 352; 854-865				

## Effect of Diamet® on cardiovascular risk factors

CV risk factor	% change
Glucose	↓ 20-30
LDL cholesterol	↓ 0-10
Triglycerides	↓ 20-30
Insulin	↓ 5-10
PAI-I activity	↓ 20-25
Factor XIII	↓ 15-20

## Diamet® beyond glycemc control

- \*Patients with type II diabetes have increased risk of atherothrombotic disease.
- \*They have low HDL cholesterol levels, high triglyceride levels and may be hypertensive and obese.
- \*Increased risk of thrombosis due to increased platelet aggregation and hypercoagulability.
- \*Increased levels of plasminogen activator inhibitor (PAI-I), this is a fibrinolytic system inhibitor and increases the risk of thrombosis.
- \*PAI-I is also strongly linked to insulin resistance, and levels increase in patients with diabetes and insulin resistance.
- \*Diamet significantly reduced the risk of fatal and non fatal cardiovascular events in the UK Prospective Diabetes Study (UKPDS)



# Take easadol **Stop the Pain**

Headache | Body Pain | Toothache | Fever  
Back Pain | Waist Pain | Menstrual Pain



**FAST ACTING**  
★ **EASY TO SWALLOW** ★  
**EASY ON POCKET**



MAY & BAKER  
NIGERIA PLC.