ANNUAL REPORTS & ACCOUNTS

2022

MAY & BAKER NIGERIA PLC

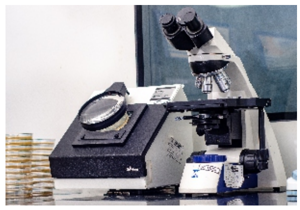
PHARMACEUTICALS • BEVERAGES

M&B
Pharma Centre
making medicines fit for the world

World Health Organization
GMP Certified

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

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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

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About May & Baker Nigeria Plc.

May & Baker Nigeria Plc is a leading pharmaceutical manufacturer founded on September 4, 1944, the first to be established in Nigeria. The company which started as a trading outpost to serve the West Coast of Africa began local manufacturing of pharmaceuticals in 1976 and became a publicly quoted company following its listing by introduction on the Nigerian Stock Exchange on November 10, 1994 where it has won the coveted award of Sectoral Leadership of the Healthcare sector six times.

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

The company thereby began an aggressive expansion and diversification program which started with the introduction of Lily Table water in 2002. The company also invested in setting up an Anti-Retroviral (ARV) plant to produce drugs for HIV/AIDS. The plant began production in 2006 and is the first local manufacturing facility for ARV drugs. May & Baker has many registered ARV brands a couple of which have been presented and undergoing pre-qualification by the World Health Organization (WHO).

In June, 2011 May & Baker commissioned its WHO standard pharmaceutical production facility which was certified by the WHO for good manufacturing practice in 2014 (cGMP) and is currently undergoing re-certification, while specific products from the plant are being presented for WHO pre-qualification. In 2005 May & Baker began the process of establishing West and Central Africa's first private multiple vaccines production company by going into a partnership with the Federal Government of Nigeria with May & Baker holding fifty-one percent stake. The vaccines joint venture company Biovaccines Nigeria limited is geared towards making Nigeria self-sufficient in the making of basic human vaccines contained in the National Immunization Program while also aiming to earn foreign exchange through the export of its products to other African Countries.

Our Tradition

As Nigeria's first pharmaceutical company May & Baker has for over seven decades, remained a key player in the nation's healthcare industry. Generations of Nigerians have come to rely on the company for health support. The company's reputation for quality is legendary. This has been crucial in cementing partnerships with her long standing customers as well as winning new ones. Every May & Baker product picked off from the shelf has a guarantee and stamp of quality that has been the hallmark of the company in Nigeria. This is because May & Baker has a rigorous quality assurance procedure that starts with ensuring that the right quality raw materials from suppliers are received, to continuous checking, testing and re-testing at each stage of manufacturing, employing the highest standard of current Good Manufacturing Practice (cGMP) procedures. May & Baker's quality policy is in compliance and conformity with ISO Quality management System standards and has been awarded the NIS ISO 9001:2015 by the Standards Organisation of Nigeria.

Records and Hall of Fame

Over the years, May & Baker has continued to improve its year-end financial performance. It is one of the top performing stocks on the Nigerian Stock Exchange and is considered an investors delight. 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 practices and trusted management.

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. May & Baker introduced the Professional Service Award in Pharmacy in 2005, to reward hard work and excellence in the practice of the pharmacy in Nigeria. The award remains the first of its type in the pharmacy practice in Nigeria.

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 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 top 100 most respected companies in Nigeria. In 2018, May & Baker also won the highly coveted National Productivity Order of Merit award.

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 strategic alliances or setting up businesses in other countries in the sub region.

Corporate Profile

May & Baker consciously and voluntarily makes the commitment to contribute to a better society and a cleaner environment. This requires that the Company integrates social and environmental concerns into its business operations.

The Management acts with integrity in all of its business dealings and pays due regard to the legitimate interests of all the Company's stakeholders. Our technical expertise and employee dedication are catalysts for our leadership, and Ethical conduct is the foundation of our business principles and Company culture.

The Company also endeavours to meet the expectation of customers, the Public and Shareholders, Stakeholders and Regulatory institutions. May & Baker Nigeria Plc has over time consistently, delivered on customer's needs to the highest quality standards. The commitment to comprehensive Corporate Governance and Social Responsibility will continue to facilitate the achievement of that purpose. It is the Company's intention to remain a leader in the industry.

Our innovative progress is reflected in the development of the subsidiaries, contract manufacture arrangements with other companies and organisations, major participation in a vaccine development company and in forward looking values, growth and expansion into a group of interdependent companies, working both together and in parallel to deliver excellence. Our shared values give us the necessary foundation for future evolution and brand integration across all companies within the May & Baker Group. The Company achieved a World Health Organisation (WHO) Certification in year 2015 and is currently undergoing the process for recertification.

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 were particularly visible in areas of education and health.

Details of donations made during the course of the year can be found in Note 14 on page 20.

Our CSR efforts also include the training of workers and building of capacity of local suppliers distributors and cultivating lifetime skill and knowledge. Additionally, we endeavour to create more environmentally friendly and safe workplaces.

Corporate Information

BOARD OF DIRECTORS:	Senator D. E. Danjuma	-	Chairman
	Mr. P.O. Ajah	-	Managing Director
	Mr. I. Dankaro	-	Non-Executive – (*retired as director on 2nd June, 2022*)
	Mrs. G.I. Odumodu	-	Non-Executive
	Dr. E. Abebe	-	Non-Executive
	Chief S.M. Onyishi (MON)	-	Non-Executive
	Mr. V.C. Okelu	-	Executive
	Mr. A.S. Aboderin	-	Executive
	Mr. K.O. Durojaiye (FCA, HICB)	-	Non-Executive
	Dr. (Mrs.) Rahila Ilegbodu	-	Independent Non-Executive - (*appointed as director on 30th June 2022*)

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

REGISTRATION NO.: 558

REGISTERED OFFICE: 3/5 Sapara Street, Ikeja.

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

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

SOLICITORS: Nnenna Ejekam & Associates

BANKERS:
Bank of Industry
First City Monument Bank Plc
Fidelity Bank Plc
First Bank of Nigeria Plc
Guaranty Trust Bank Plc
Zenith Bank Plc
Sterling Bank Plc

Results at a Glance

MAY & BAKER NIGERIA PLC
RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2022

The Directors of May & Baker Nigeria Plc have pleasure in announcing the group Trading Results for the year ended 31st December, 2022 with comparative figures for the previous year as follows:-

	GROUP 2022	GROUP 2021	% Change
	₦'000	₦'000	
Revenue	14,328,266	11,901,583	20.39
Profit before tax	2,084,252	1,460,375	42.72
Taxation	(593,642)	(410,768)	44.52
Profit after tax (Continuing Operations)	1,490,610	1,049,607	42.02
Other comprehensive Income:	-	-	-
Total Comprehensive Income:	**1,490,610**	**1,049,607**	**42.02**
Retained earnings:	3,961,830	2,988,790	32.56
Total earnings per share (EPS) (kobo):			
EPS discontinued Operations	-	-	
EPS Continued Operations (kobo)	86.40	60.84	42.01
Net Assets per share (kobo)	478	421	13.30
Stock Exchange price as of 31 December	4.02	3.51	14.5
Authorized share capital	862,617	862,617	-
Issued share capital	862,617	862,617	-
Number of employees	352	354	-0.56

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

Chairman's Statement

Distinguished members of the Board of Directors,
Dear Fellow Shareholders
Esteemed Representatives of our regulatory bodies
Gentlemen of the press

It is my pleasure to welcome you to the 72nd annual general meeting (AGM) of our company and I am equally pleased to lay before you the Annual Report and Accounts for the year ended 31st December, 2022.

We thank God for His mercies that we have fully returned back to our normal life of large gatherings after three years of restricted gatherings due to the advent and impact of Covid 19.

The Operating Environment.
The year under review was a challenging one for the global economy with enough headwinds across most countries.

From post-Covid 19 recovery efforts to Russian invasion of Ukraine, to high energy costs, spiralling inflation across the world, price volatilities and rising debt stock across sub-Saharan Africa.

Although the Nigeria economy rebounded after the difficult years of Covid 19, growing by 3.1% in 2022 (down from 3.4% in 2021) this has not really translated into better purchasing power for the average Nigerian consumer, on the contrary consumers are worse off with unemployment rate about 33% while inflation rate rose to 21% in 2022 compared to an average of 10.6% for emerging and developing economies and 8% for the world.

The Russian-Ukraine war disrupted the global supply chain with astronomical increase in diesel costs which rose by 156% from ₦312/litre in January 2022 to ₦800/litre by December 2022.

Meanwhile the gap further widened between the CBN official exchange rate and the parallel market rate of Naira to Dollar. Official rate moved from ₦443/1$ in January to close at ₦461/1$ in December while parallel rate moved from ₦565/1$ in January to close ₦735/1$ in December - a devaluation of about 4% and 30% respectively and yet the dollars is not even available.

This has made settlement of Form M's for the importation of critical raw materials very difficult and at a higher cost while most banks are not even opening LCs now.

The economy took a back seat for politics in the second half of the year and is still in slow motion while everyone awaits the change of administration after the 2023 elections.

The Healthcare Sector
The poor state of the local economy and the Covid 19 pandemic gave more healthcare workers a higher motive to move to Western countries in search of greener pastures in what is now called the 'Japa" syndrome putting more strain on the local companies to manage with high attrition of skilled labour.

Our Result
Despite the tough and challenging operating environment, I am delighted to inform you that our company still turned in a good performance. Revenue increased by 20% from ₦11.9 billion in 2021 to ₦14.3 billion in 2022. Gross profit dropped by 18% from ₦4.7 billion in 2021 to ₦3.9 billion in 2022. This was largely due to higher cost of input materials from Asia, high energy costs and impact of further devaluation of Naira to Dollar. All these impacted on cost of sales which grew by 45% from ₦7.2 billion in 2021 to ₦10.5 billion in 2022.

Distribution, selling and marketing expenses went up by 19% from ₦1.8 billion to ₦2.1 billion in 2022. Administrative expenses rose slightly by 1% from ₦1.22 billion to ₦1.24 billion. Finance costs rose by 7% from ₦266.8 million to ₦286.0 million on account of higher interest rate on our loans from CBN (moved from 5% to 9%).

Other operating income was bolstered by the sale of our old Ikeja Factory building which discontinued operations

Chairman's Statement (contd.)

and had been idle since 2016. Finance income also grew by 289% from ₦59 million in 2021 to ₦231 million in 2022 through short-term placement of funds. Our share of loss from the Joint Venture business with the Federal Government of Nigeria – Biovaccines Nigeria Limited came to ₦26 million, down 24% from ₦34 million in 2021.

The group achieved a profit before tax of ₦2.1 billion, a growth of 43% over 2021 figure of ₦1.5 billion albeit Tax for the year recorded a growth of 45% from ₦411 million to ₦594 million due to additional back duty assessment of 3 years (2018 to 2020). This brought our net profit after tax to ₦1.5 billion, a growth of 42% from ₦1 billion in 2021. Earnings per share recorded the same 42% growth from 60.8 kobo in 2021 to 86.4 kobo in 2022.

Dividends

It is my pleasure to inform you that in view of the strong performance of our company, the Directors have recommended a dividend of 30kobo for every 50 kobo shares held in the Company representing a total dividend payout of ₦517,570,465.80 kobo subject to the applicable withholding tax. This will apply to every shareholder whose name appears in the register of members as at the close of business on 16th May 2023.

Biovaccines Nigeria Limited

Our Joint Venture with the Federal Government of Nigeria for local manufacturing of vaccines continues to push forward on its efforts for vaccines production.

Due to the start of electioneering campaigns and preparations for a change in administration, activities were slowed down and we could not achieve the ground breaking for the construction of the vaccines factory last year but we hope that will happen this year after the new administration has settled down and formed its new executive cabinet.

Osworth Nigeria Limited

Our operating subsidiary – Osworth Nigeria Limited delivered a revenue of ₦892 million, a 1.6% growth from ₦878 million in 2021 while its profit after tax dropped by 77% from ₦171.7 million to ₦39 million in 2022. The drop in profit is attributable to a stock out situation due to inability to settle the foreign suppliers at official rates as their major products are still being imported.

Future Outlook

Distinguished Shareholders, it is important to note that the company is currently investing more in increasing its production capacity for Pharma and also about to complete its new water-bottling factory at Ota in order to revive its water business – Lily Table Water.

Therefore, the short to mid-term future is looking very bright and promising and we shall continue to spur Management on to lead the company to take its rightful position in our market and region.

Finally, I wish to thank the staff and Management for their dedication and contributions to the growth of our company. I equally thank our Board of Directors and all Shareholders for your support.

Thank you all very much. God bless May & Baker Nigeria Plc and God bless Nigeria.

Senator Daisy Danjuma
Chairman, Board of Directors.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the seventy-second Annual General Meeting of the Company will be held at the Muson Centre, Onikan, Lagos on Thursday, 1st June, 2023 at 11.00 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To lay before the meeting the financial statements for the year ended 31st December, 2022 and the reports of the Directors, Auditors and the Statutory Audit Committee thereon.

2. To disclose the remuneration of Managers.

3. To declare a dividend.

4. To elect and re-elect Directors.

5. To authorise the Directors to fix the remuneration of the External Auditors.

6. To elect members of the Audit Committee.

SPECIAL BUSINESS

1. To consider and if thought fit to pass the following resolution which will be proposed as an ordinary resolution:

REMUNERATION OF DIRECTORS

"That the remuneration of the Directors of the Company for the year ended 31st December, 2022 in the sum of ₦1,250,000 for each Non-Executive Director, save the Chairman whose remuneration shall be ₦1,500,000, be approved"

2. To consider and if thought fit to pass the following resolution which will be proposed as a special resolution:

ALTERATION OF ARTICLES

"That following the cancellation of the Company's unissued Share Capital to comply with the requirements of Section 124 of the Companies and Allied Matters Act 2020 and Companies Regulation 2021, then the Company's Memorandum and Articles of Association be amended by deleting items 6 (a –p) and replacing them with the following: The share capital of the Company is ₦862,617,443 divided into 1,725,234,886 ordinary shares of 50k each".

BY ORDER OF THE BOARD

Adetoun O. Abiru (Mrs.)
FRC/2013/ICSAN/00000003280
for: MARINA NOMINEES LIMITED
SECRETARIES,
LAGOS
23rd March, 2023

Notice of Annual General Meeting (contd.)

NOTES:

ELECTRONIC INFORMATION
Relevant documents in connection with the Meeting are available to all shareholders on the Company's website, www.may-baker.com

PROXY
Every member of the Company entitled to attend and vote at the meeting is 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). 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 appointed for holding the meeting. Copies can be downloaded from either www.may-baker.com or www.veritasregistrars.com. Shareholders can also send soft copies of their duly executed proxy form via email to veritasregistrars@veritasregistrars.com A proxy need not be a member of the Company.

Each duly completed proxy form shall be counted as one and every member, present in person or by proxy shall have one vote. A proxy remains valid provided that no information in writing of death, insanity, revocation or transfer shall have been received by the Company at the registered office or office of the registrars before the commencement of the meeting or adjourned meeting at which the proxy is used. Any objection to a proxy shall be made in due time and shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

The Company has made arrangements at its cost, for the stamping of the duly completed and signed proxy forms.

E-DIVIDEND

All shareholders are encouraged to download the e-dividend mandate form from the Registrars website, execute same with their banks and send to the Registrars to update their records for automatic posting of dividends.

DIVIDEND PAYMENT
If the dividend recommended by the Directors is approved by the members, the dividend warrants will be paid on Friday, 2nd June, 2023, to the shareholders whose names appear in the Register of Members at the close of business on Tuesday 16th May, 2023.

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. Due to volume involved, the list of all unclaimed dividends is hosted on our website www.may-baker.com and also on the Registrars website www.veritasregistrars.com for affected shareholders to access. All shareholders are encouraged to download the e-dividend mandate form from the Registrars' website, execute same with their banks and send to the Registrars to update their records for automatic posting of dividends.

CLOSURE OF REGISTER AND TRANSFER BOOKS
The Register of Members and Transfer Books will be closed from Wednesday 17th to Friday 19th May, 2023 both days inclusive for the purpose of dividend.

Notice of Annual General Meeting(contd.)

AUDIT COMMITTEE
In accordance with Section 404(6) CAMA 2020, 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.

Nominees to the Statutory Audit Committee must be compliant with the laws, codes, rules and regulations guiding listed companies in Nigeria.

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 2021 provided that such questions in writing are submitted no later than to the Company on or before Friday 26th May, 2023. For ease of submission, a dedicated email address: financials@may-baker.com has been created to receive submissions from shareholders.

DISCLOSURE REQUIREMENT
CAMA has introduced "Disclosure of Remuneration of Managers" to the ordinary business of the Annual General Meeting.

The Corporate Guidelines 2021 (Guidelines) issued by the CAC has defined a Manager in relation to disclosure of remuneration at the Annual General Meeting to include any person by whatever name called occupying a position in senior management and who is vested with significant autonomy, discretion and authority in the administration and management of the affairs of a Company (whether in whole or in part). The remuneration of Managers as defined in the Guidelines is stated on page 94 of the Annual Report.

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, 2020 (CAMA 2020), 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 is comprised of a Non-Executive Chairman, the Managing Director/Chief Executive Officer, two other Executive Directors, four other Non-Executive Directors and one Independent Non-Executive Director who are charged with the responsibility of ensuring the proper running of the Company. Profiles of the Directors are stated on pages ---- and --- of this document.

· **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 31st December, 2022 and details of the attendance of Directors are as follows:-

	24/3/22	2/6/22	22/9/22	24/11/22
Senator Daisy Danjuma - Chairman	A	A	A	A
Mr. P. Ajah	A	A	A	A
Dr. E. Abebe	A	A	A	A
Mr. A.S. Aboderin	A	A	A	A
Mr. I. Dankaro	A	A	N/A	N/A
Mrs. G.I. Odumodu	A	A	A	A
Mr. V.C. Okelu	A	A	A	A
Chief S.M. Onyishi	A	A	A	A
Mr. K.O. Durojaiye	A	A	A	A
Dr. (Mrs.) R. Ilegbodu	N/A	N/A	A	A

▪ *Mr. Ishaya Dankaro retired as a Non-Executive Director of the Company after the Annual General Meeting held on 2nd June, 2022.*

▪ *Dr. (Mrs.) Rahila Ilegbodu was appointed as the Independent Non-Executive Director of the Company with effect from 30th June, 2022.*

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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.

Report on Corporate Governance(contd.)

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 comprised of three (3) representatives of the Shareholders and two (2) Non-Executive Directors. The Committee was chaired by Sir G.O. Adewumi in the 2022 financial year. The Committee carries out its function in accordance with the provisions of Section 404(7) CAMA 2020. The Statutory Audit Committee met five (5) times in the 2022 financial year for the review and consideration of the financial statements and other matters stated in Section 404(7) of CAMA 2020. The Committee met on the following dates:

	28/07/22	27/10/22	25/11/22	21/03/22	24/03/23
Sir G.O. Adewumi	A	A	A	A	A
Mr. O.B. Adeleke	A	A	A	A	A
Mrs. G.I. Odumodu	A	A	A	A	A
Mrs. C. Vincent-Uwalaka	A	A	A	A	A
Chief S.M. Onyishi (MON)	A	A	A	A	AB

- **Nominations, Remuneration and Governance 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 (4) times in the year ended 31st December, 2022 on the following dates:-

	21/3/22	31/5/22	20/9/22	22/11/22
Chief S.M. Onyishi	A	A	A	A
Dr. E. Abebe	A	A	A	A
Mrs. G.I. Odumodu	A	A	A	A
Mr. K. Durojaiye	A	A	A	A
Mr. I. Dankaro	A	A	N/A	N/A
Dr. (Mrs.) R. Ilegbodu	N/A	N/A	A	A

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

Report on Corporate Governance (contd.)

The Committee met five times in the year ended 31st December, 2022 on the following dates:-

	23/3/22	1/6/22	21/9/22	22/11/22	23/11/22
Dr. E. Abebe	A	A	A	A	A
Mr. I. Dankaro	A	A	N/A	N/A	N/A
Mr. K.O. Durojaiye	A	A	A	A	A
Mr. P. Ajah	A	A	A	A	A
Mr. A.S. Aboderin	A	A	A	A	A
Dr. (Mrs.) R. Ilegbeodu	N/A	N/A	A	A	A
Mr. V.C. Okelu	A	A	A	A	A
Mr. G. Obiakor(Internal Auditor)	A	A	A	A	A
Mr. S. Ajalaye	A	A	A	A	A

Board Audit Committee – is comprised of two Non-Executive Directors excluding the Chairman of the Company and the Independent Non-Executive Director. The Managing Director and also the Finance Director are always present at the Committee meetings. Committee was established pursuant to Section 11, 4, 7 of the FRCN NCCG. The Internal Auditor is always in attendance at the meetings of the Committee.

The Committee met during the year ended 31st December, 2022 on the following dates:

	22/3/22	27/4/22	27/7/22	27/10/22
Mr. K.O. Durojaiye (Chairman)	A	A	A	A
Chief S.M. Onyishi	A	A	A	A
Dr. (Mrs.) R. Ilegbodu	N/A	N/A	X	A
Mr. A.S. Aboderin	A	A	A	A
Mr. P. Ajah	A	A	A	A
Mr. G.O. Obiakor	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**
	X	=	**Not a Member as at the date of the meeting**

Report on Corporate Governance(contd.)

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, www.may-baker.com

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
23rd March, 2023

Report of the Directors for the year ended December 31st, 2022.

1. ***ACCOUNTS***
The Directors submit their report together with the audited financial statements of the Company for the year ended 31st December, 2022.

2. ***RESULT***

	2022
	₦'000
The group profit for the year after taxation was	1,490,610
	======

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

4. ***PRINCIPAL ACTIVITIES***
The Company manufactures and distributes pharmaceutical products, diagnostic equipment, reagents, consumer products and human vaccines. The Company also engages as contract manufacturers for other companies and organisations. 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 for the production/supply of vaccines. The principal activities of the subsidiaries and the related company are as follows:-

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

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

Related Company

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

Report of the Directors for the year ended December 31st, 2022.(contd.)

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

The Company has continued to review its corporate strategy towards ensuring that it is better positioned to take a leadership position in the regional healthcare space in the coming years in line with its mission statement of becoming the leading healthcare Company in Sub-Saharan Africa.

In the year under review, despite the challenging economic environment, the Group, in the opinion of the Directors performed satisfactorily and in accordance with planning.

Save as herein disclosed, no other events have occurred since the year ended 31st December, 2022 which would affect the Financial Statements.

6. ***DIVIDEND***

The Directors have recommended a dividend of 30kobo per share amounting ₦517,570,465.80k (subject to applicable withholding tax) for the year.

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

Shareholders who have either unclaimed share certificates or dividends should contact the Registrars, Veritas Registrars Limited, Plot 89 Ajose Adeogun Street, Victoria Island Extension, Lagos.

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

The names of the Directors of the Company are listed on pages 25 -27

1. Dr. (Mrs.) Rahila Ilegbodu 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, Dr. (Mrs.) Rahila Ilegbodu:
   - Age - 59 years
   - Nationality - Nigerian
   - MBBS – University of Lagos
   - BA Biology - Taylor University, Upland Indiana, USA

3. In accordance with the Company's Articles of Association and section 285(2) of Companies and Allied Matters Act, 2020 (CAMA 2020), Mrs. G.I. Odumodu and Chief S.M. Onyishi retire by rotation and being eligible, offer themselves for re-election.
4. In compliance with Section 284(2) of CAMA 2020, 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:

	23rd March 2023 Number	31st December 2022 Number	31st December 2021 Number
Senator D. Danjuma (INDIRECT)	746,841,302	746,841,302	746,841,302
Mr. P.O. Ajah	NIL	NIL	NIL
Dr. E. Abebe	909,373	NIL	NIL
Dr. (Mrs.) Rahila Ilegbodu	NIL	NIL	NIL
Mrs. G.I. Odumodu (INDIRECT)	57,752,156	57,752,156	57,752,156
Chief S.M. Onyishi (MON)	257,264,668	257,264,668	257,264,668
Mr. V.C. Okelu	1,591,862	1,591,862	1,591,862
Mr. A.S. Aboderin	93,500	93,500	93,500
Mr. K.O. Durojaiye HCIB, FCA	139,570	139,570	139,570

Report of the Directors for the year ended December 31st, 2022.(contd.)

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

- Senator D. Danjuma representing: T.Y Holdings Ltd., Oil Tech Nigeria Limited and Osis Yukiv Ltd
- Mrs G I Odumodu representing: Seravac Nigeria Ltd

For the purposes of sections 301, 302 and 303 of CAMA 2020 and in accordance with the listing requirement of the NSE some Directors gave notices of interest (direct or indirect) in some contracts or activities of the Group.

9. ***SHARE CAPITAL AND SHARE HOLDING***
   1. The Company did not purchase its own shares during the year.
   2. The Share Capital of the Company is ₦862,617,443 divided into 1,725,234,886 ordinary shares of 50 kobo each.
   3. The Share Capital of the Company has been fully issued to the tune of ₦862,617,443 divided into 1,725,234,886 ordinary shares of 50 kobo each.

10. ***SUBSTANTIAL INTEREST IN SHARES***
List of shareholding of 5% and above (Section 95 of CAMA)

Director	Representing	23 March, 2023		31 Dec. 2022		31st Dec, 2021	
		No of Units	%	No of Units	%	No of Units	%
Senator Daisy Danjuma	>T.Y. Holdings Ltd.	720,878,543	41.78	720,878,543	41.78	720,878,543	41.78
Chief Samuel Onyishi (MON)	>Onyishi S.M.	257,264,668	14.91	257,264,668	14.91	257,264,668	14.91

No individual shareholder other than as stated above held more than 5% of the issued share capital of the Company as at 31st December, 2022.

11. ***FREE FLOAT***
The Free Float analysis of the issued and paid-up share capital of the Company as at 31st December, 2022 and 23rd March, 2023 when the Financial Statements were approved, were as follows:

	No. of Ordinary Shares held **as at 23rd March, 2023**	% holding **as at 23rd March, 2023**	No. of Ordinary Shares held **as at 31st Dec., 2022**	% holdings **as at 31st Dec., 2022**
Strategic Shareholding	866,226,153	50.21	846,050,124	49.04
Directors' direct shareholding	259,998,973	15.07	294,665,905	17.08
Staff Schemes	NIL	NIL	NIL	NIL
Free Float	599,009,760	34.72	584,518,857	38.88
TOTAL	**1,725,234,886**	**100.00**	**1,725,234,886**	**100.00**

Report of the Directors for the year ended December 31st, 2022.(contd.)

SHARE RANGE ANALYSIS AS AT 31ST DECEMBER, 2022

Share Range	No of shareholders	% of shareholders	No. of units held	%
1 □ 1000	4,629	10.42%	2,044,266	0.12%
1001 □ 10,000	33,481	75.39%	99,566,422	5.77%
10,001 □ 50,000	4,820	10.85%	96,275,561	5.58%
50,001 □ 100,000	669	1.51%	47,854,802	2.77%
100,001 □ 500,000	654	1.47%	130,590,838	7.57%
500,001 □ 1,000,000	83	0.19%	60,473,575	3.51%
1,000,001 □ 5,000,000	61	0.14%	114,097,481	6.61%
10,000,001 □ 50,000,000	8	0.02%	142,053,772	8.23%
50,000,001 □ 100,000,000	1	0.00%	54,134,958	3.14%
100,000,001 □ 1,725,234,886	2	0.00%	978,143,211	56.70%
	44,408	100.00%	1,725,234,886	100.00%

13. ***FIXED ASSETS***

Movements in fixed assets during the year are shown in Note 12 on page 76. In the opinion of the Directors, the market values of the Company's properties are not less than the values shown in the financial statements.

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 ₦6,379,422.08 (2021 – ₦3,676,000). The details are:

		₦
1.	Lagos Waste Mgt Authority (Sweeping route adoption)	2,376,000.00
2.	PSN (Capacity/Professional Improvement)	1,200,000.00
3.	School for the blind and down syndrome	821,900.00
4.	Sickle Cell Foundation	100,000.00
5.	Heart Foundation	100,000.00
6.	Other Charity visits during the year (pg. 33)	1,781,522.08
		6,379,422.08

In accordance with section 43(2) of the CAMA 2020, 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 ₦11,072,491.70 (2021-₦3,296,010.00) on various research projects during the year.

Report of the Directors for the year ended December 31st, 2022.(contd.)

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).

17. ***BUSINESS DEVELOPMENT***

The Company under the auspices of ARC/PGMAN executed a Memorandum of Understanding (MOU) with Yobe State Drug Management Agency and the Sokoto State Ministry of Health to supply medicines.

The proposed Joint Venture with Otsuka has been discontinued by mutual agreement.

18. ***COMPANY'S DISTRIBUTORS***

The Company's major distributors are:

Chufil Pharmacy
Audion Nigeria Limited
Csc Pharma Limited
Onyema Pharmacy
Dimatts Pharm. Limited
Daruchi Products Limited
Fulfilled Dream Pharmacy
Canez Healthcare Limited
Fiolu Pharm Limited
Ogbuagu Pharm. Coy.

19. ***SUPPLIERS***

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

Local
Unikem Industries Limited
Orient Global Manufacturing Co. Ltd.
HK Printing & Packaging Limited
Wahum Packaging Limited
Providence Associated Industries Ltd.
Dangote Sugar Refinery Plc.

Foreign
Meghamani LLP
Front Pharmaceutical Plc.
Parle Elizabeth Tools Pvt Limited
Belco Pharma
Inventia Healthcare Limited
Ruian Hualian Imp. & Exp.

The Company is not related to any of its suppliers.

20. ***EMPLOYMENT AND EMPLOYEES***

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

It is the policy of the Company that there is no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. As at 31st December, 2022 there was no disabled person in the employment of the Company.

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

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

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

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

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

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

Report of the Directors for the year ended December 31st, 2022.(contd.)

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

21. ***AUDIT COMMITTEE***
The members of the statutory Audit Committee appointed at the Annual General Meeting held on 3rd June, 2022 in accordance with Section 404(3) of CAMA 2020 were:-

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

The Committee met in accordance with the provisions of Section 404 of CAMA 2020 and will present its report.

22. ***COMPLIANCE WITH REGULATORY REQUIREMENTS***
The Directors confirm to the best of their knowledge that the Company had substantially complied with the provision of the Companies and Allied Matters Act 2020, Code of Corporate Governance of the Securities and Exchange Commission, the Nigerian Code of Corporate Governance 2018 as well as the regulations of NSE and the Securities and Exchange Commission and other regulatory requirements.

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

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

24. ***POST BALANCE SHEET EVENTS***
There were no post balance sheet events that would have had an effect on these financial statements.

25. ***HUMAN CAPITAL MANAGEMENT***
Employee relations were stable and cordial in the year under review.

26. ***AUDITORS***
The Auditors Messrs. PKF Professional Services

BY ORDER OF THE BOARD

ADETOUN ABIRU
FRC/2013/ICSAN/00000003280
for: MARINA NOMINEES LIMITED
Secretaries
LAGOS NIGERIA
23rd March, 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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, 2020 (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, 2022.

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 Companyís 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	**Mr. Patrick Ajah**
Chairman	Managing Director
FRC/2020/003/00000020890	FRC/2021/003/00000023215

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Board of Directors

Senator Daisy Danjuma

Chairman

- Appointed a Director 30th May, 2019
- Graduate of Law, Ahmadu Bello Uni. - 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 Limited
- Member of the International Bar Association and the International Federation of Female Lawyers
- Date of birth: August 6, 1952

Mr. Patrick Ajah

Managing Director

- Appointed a Director 1st December, 2020
- Appointed Managing Director/CEO 1st January, 2021
- B. Pharm. University of Ibadan (1988-1994) MBA Obafemi Awolowo University (2002-2005)
- Vast Professional experience with several awards for outstanding performance
- Has Attended several professional and leadership courses
- Date of birth -Jan 10, 1967

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
- Member, Institute of Directors
- Date of birth: October 17, 1950

Mr. Kolawole O. Durojaiye
FCA, HICB

- Appointed 4th June, 2021
- Holds a Masters in Banking and Finance (MBF) from University of Lagos.
- Director, CBN, April - July, 2017
- Fellow, Institute of Chartered Accountant of Nigeria (FCA).
- Has vast training and exposure in strategy formulation, development and implementation of core business functions.
- Vast experience in various capacities on research, training, auditing, accounting and banking supervision & other special assignments
- Date of birth: August 3, 1960

Mrs. Gloria I. Odumodu

- Appointed 26th July, 2011
- Has wealth of experience in banking and finance & customer relations gained in Nigeria and the UK.
- Graduate of Banking from the Institute of Management and Technology, (IMT) Enugu.
- Holds a Masters Degree in Finance and Banking from Delta State University.
- Date of birth: Septembe 18, 1962

Dr. (Mrs.) Rahila Ilegbodu

- Appointed 30th June, 2022
- MBBS – Lagos University Teaching Hospital
- BA Biology – Taylor University, Upland Indiana, USA

Has a wealth of experience in medical administration and practice
- Date of birth:October 18, 1963

Board of Directors

Mr. Valentine C. Okelu

- Appointed Exec. Director, 22nd Sept. 2016
- Holds a Bachelor of Pharmacy from University of Nigeria, Nsukka, 1994
- Holds a Masters of Pharmacology from University of Nigeria, Nsukka, 1997
- Member, Institute of Directors
- Alumnus of the Lagos Business School.
- Member, Pharmaceutical Society of Nigeria.
- Diverse trainings & vast professional experience in core business areas/functions.
- Date of birth: June 11, 1970

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. EMBA from NOUN/Commonwealth of Learning, Canada
- Fellow, the Institute of Chartered Accountants of Nigeria (FCA)
- Associate Member, CIMA/AICPA (ACMA/CGMA)
- Member, Institute of Directors
- Diverse trainings & vast professional experience in core business areas/functions.
- Date of birth: October 20, 1968

Chief Samuel M. Onyishi (MON)

- Appointed Non-Executive Director, 21st March, 2019.
- MBA in Entrepreneurship.Diploma and B. Sc. In Social Work and Community Development from University of Nigeria, Nsukka – 1995 and 1999.
- Fellow, Nigerian Institute of Science and Technology, Federal Polytechnic, Unwana Afikpo.
- Prestigious Key man Award for Business Excellence and Integrity
- Chairman, Peace Mass Transit Limited.
- Philanthropist, social entrepreneur and business mentor.
- Date of birth: November 23, 1963

Report of the Audit Committee

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act 2020 (CAMA 2020) and Section 30 of the Code of Corporate Governance in Nigeria issued by the Securities and Exchange Commission, we have received and considered the Consolidated Group Financial Statements of the Company for the year ended 31st December, 2022 and the reports thereon and confirm:

i. That the accounting and reported policies of the Company are in accordance with legal requirements and agreed ethical practices;

ii. That we have reviewed the scope and planning of the audit for the year ended 31st December 2022;

iii. That we have reviewed the findings on management matters/letters issued by the External Auditors and Management responses thereto;

iv. That we have ensured the development of a comprehensive Internal Control Framework for the Company and obtained assurance on the operating effectiveness of the Internal Control Framework;

v. That we have seen Managements procedure for the identification of significant fraud risks in the company and ensure that adequate prevention, detection and reporting mechanisms are in place;

vi. That in the course of the year, we have reviewed various reports by the Internal auditor describing the strength and quality of Internal control including issues and recommendations for improvements, raised during the most recent internal control review by the company.

vii. That we have authorized the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the committee.

viii. That we have made recommendations to the Board with regard to the appointment, removal and remuneration of the External Auditor of the Company.

In our opinion the scope and planning of the Group audit for the year to 31st December 2022 are adequate and we have made the recommendations required in respect of the External Auditors.

Sir G.O. Adewumi
(Audit Committee Chairman)
FRC/2013/ICAN/00000002243
Dated 21st March, 2023

Members of the Statutory Audit Committee
Sir. G.O. Adewumi(Chairman)
Mr. B.O. Adeleke
Mrs. C.O. Vincent-Uwalaka
Mrs. G.I. Odumodu
Chief S.M. Onyishi (MON)

Sustainability Report

This abridged report highlights our sustainability journey in 2022. Following our maiden sustainability report in 2021, we are harnessing the opportunities we have identified to position ourselves as a leader in innovative and sustainable pharmaceutical manufacturing, considering the need to adopt greener business practices. The theme of this 2022 sustainability report is

"Towards a Greener and Healthier Future".

Based on GRI reporting requirements, we conducted a materiality assessment survey to understand the areas that are of importance to stakeholders to guide our reporting and business strategy and operations. The exercise was conducted through the use of surveys, in-depth interviews and desktop research to gain insights into what really matters most to our key stakeholders and their potential impacts on May & Baker Nigeria Plc's business. We selected impact materiality to identify material issues that are not only of interest to stakeholders but issues that have an impact on the economy, the environment, and the people.

2022 ACHIEVEMENTS

RECOGNITIONS

• Lagos Green Award to May & Baker Nigeria Plc in recognition of contribution to a sustainable environment in Lagos State
• NDPR Compliant Badge from the Nigerian Data Protection Bureau

"GREEN" ACHIEVEMENTS

• Transition to cleaner energy at the Head Office through the use of solar energy
• Reduction in total direct CO2 emissions by 16.2% from 2021
• Reduction in the total quantity of paper by **11.4%** through an emphasis on reduction in paper usage d recycling year

BUSINESS ACHIEVEMENTS

• 2.1B profit, representing a 42.72% increase year on year
• sales revenue increased by 20.39% to 14.3B year on
• Creation of over 690 direct and indirect jobs

Sustainability Report

ENVIRONMENTAL SUSTAINABILITY

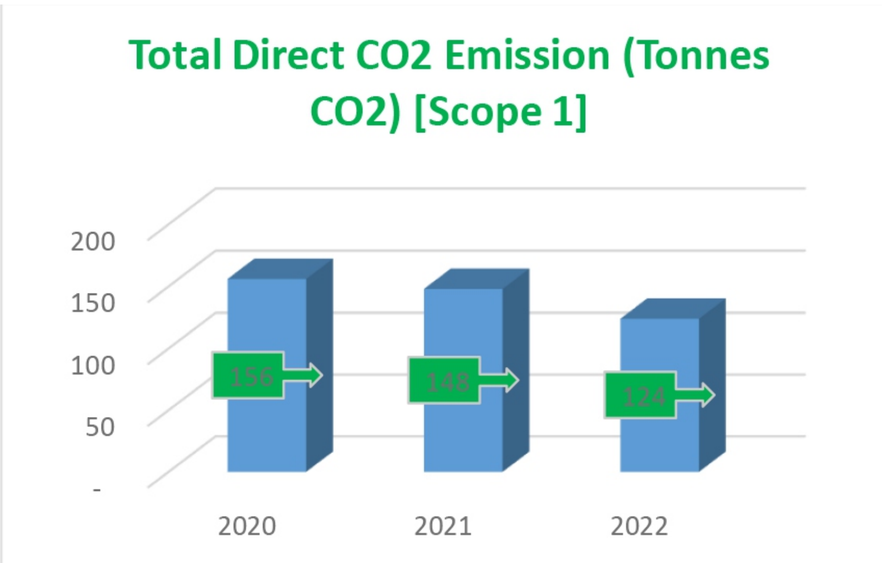
May & Baker Nigeria Plc recognizes the need to minimize our environmental footprint and we continue to implement initiatives that promote sustainable practices. In 2022, we ensured that all our processes and procedures promote the optimization of resources and minimize all forms of environmental pollution.

Award from Lagos State Ministry of Environment for Contribution to Sustainable Environment

CLIMATE
CO2 Emissions (SDGs 7, 11, 12, 13)

At May & Baker Nigeria Plc, we take responsibility for our carbon emissions as a company committed to a sustainable future and seek ways to reduce our carbon footprint. Following the assessment of our operations to identify the major sources of CO2 emissions in 2021, we implemented CO2 emission reduction initiatives in 2022 to reduce our current output. These initiatives included the transition to power generated from solar energy for parts of our new admin block, regular maintenance of our fossil-fuel generators at required intervals/hours running time, etc.

Our total direct CO2 emissions in 2022 was 124 kg CO2 representing a 16.2% reduction from 2021 which was 148. We are committed to implementing our CO2 emission reduction initiatives and strategies continuously.



Sustainability Report

NATURE-(Water consumption)

Water conservation is an important target in our sustainability journey. Our water consumption for 2022 was 2,640 cubic meters which represents an increase of 1.15% from 2021 which was 2,610 cubic meters. While we were unable to achieve our reduction target, we continue to make progress with new ideas and initiatives to minimize our water consumption rate.

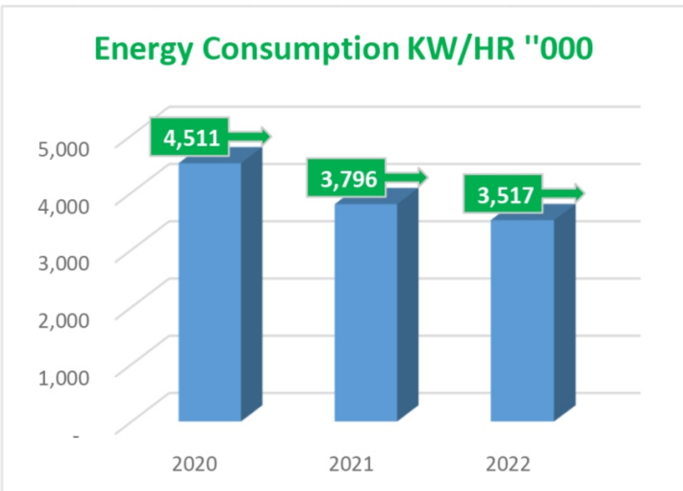
Energy Consumption & Efficiency (SDGs 7, 11, 12, 13) and Paper Usage and Recycling (SDGs 12, 15)

In 2022, we achieved a 16.2% reduction in greenhouse gas emissions compared to the previous year. We achieved this reduction by optimizing our energy usage, improving our distribution and delivery system, and adopting renewable energy sources. In 2022, our energy consumption reduced to 3.5m KW/HR which represented a 7.3% reduction from 3.8m KW/HR in 2021 (see chart below).

We have put in place various procedures to monitor our energy consumption and ensure the efficient use of energy resources. These include:

- At our factory, we ensure that any power-consuming equipment not required to run is shut down.
- At the Head office, power lines serving selected areas are alternatively switched off to minimize idle office equipment consuming power.
- At the factory, we monitor our gas pressure and ensure that the minimum gas flow required for production is handled efficiently with minimum pressure drops through proper inspection, maintenance, and operation.
- Meters are installed and used to track our power and gas consumption, allowing us to monitor our energy bills and ensure that we take advantage of lower tariffs.
- At our new admin block in head office, we have also transited to alternative and cleaner energy sources (Solar energy) for all the security lights and all the electrical appliances and bulbs are energy-saving.

Also, the level of printing paper usage was flagged as a material issue by stakeholders in the material assessment survey results. The felling of trees and the decimation of large expanses of forests across the world, from which paper is produced, have been highlighted as major causes of climate change. In 2021, an assessment was conducted which showed that the company utilized about 3.5 tons of printing paper valued at ₦5m in its business operations and less than 1% of such paper used was recycled. In 2022, the total quantity of paper used was 3.1 tons, representing an 11.4% reduction from 2021. This was achieved through company-wide initiatives to encourage the recycling of paper.



Sustainability Report

Environmental Compliance (SDGs 2,3,12,13,15)

At May & Baker Nigeria Plc, we prioritize compliance with all relevant environmental laws, regulations, and standards applicable to our operations and products. Our facilities undergo environmental impact assessment and regular environmental audits including emissions monitoring audits, as prescribed by law. In 2022, we recorded zero incidences of non-compliance and zero penalties by regulators.

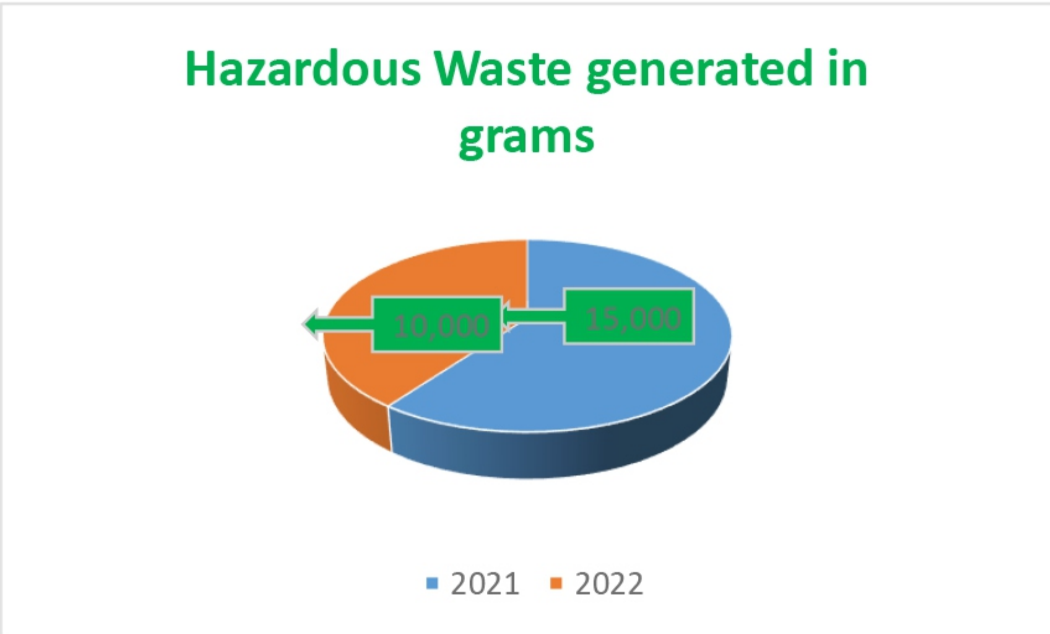
Effluents and Waste (SDGs 3,8,10,12,13,14,15)

In line with the principles of reduce, reuse, and recycle (the 3Rs), May & Baker Nigeria Plc is committed to reducing and managing the waste we generate from our operations. Our Waste Management Plan (WMP) addresses the management of all solid, liquid, effluent, and gaseous waste. Such waste includes both hazardous and non-hazardous waste, produced as a result of our production and operational activities within the May & Baker facilities. The WMP was developed by the waste hierarchy of prevention→ and reuse > recycling > recovery > safe disposal.

In 2022, our hazardous waste generated reduced to 10kg which is about a 33% reduction from 2021 which was about 15kg (see chart below).

Waste from our beverage bottling unit is sold to scrap dealers, who re-cycle and utilize these as raw materials for their production.

Medical waste from our clinic is disposed of in designated biohazard bins before collection by a government-approved agent.



Sustainability Report

SOCIAL PILLAR

At May & Baker Nigeria Plc, our mission as a business is to improve the quality of life throughout life for all lives. In line with this ethos, we are committed to the well-being of our stakeholders and the community in which it operates and supports the United Nations Sustainable Development Goals (SDG) SDG 3 (Good Health and Well-being) and SDG 4 (Quality Education)

.Social Investments:

In 2022, our social investment spending grew from ₦ 3.7m to ₦ 6.4M, representing 73% growth year-on-year.

- ***Medical Outreach*** - in 2022, May & Baker in her continuous bid to promote quality health support and sustainability, donated free medical aid to flood disaster victims in **Ndoka West LG of Delta State, Boyís Brigade, FRSC, JR hospital, Akinjide Adeosun Foundation**, to mention but a few, and will continue to support medical outreach programs aimed at improving and extending the reach of healthcare while providing free drugs to members of the community who cannot afford to buy drugs

- ***Educational Resources Support*** - May & Baker is committed to encouraging education, especially the education of children. In September 2022, the company built and donated ten (10) bunk beds to Pacelli School for the Blind, Surulere, Lagos. Pacelli School for the Blind provides quality education to children with various degrees of visual impairments. May & Baker have provided support to Pacelli School for the Blind over the years, and this has made a significant impact on the well-being of the children.

- ***Charity visit to less privileged and donations to orphanage homes:***- In 2022, May and Baker Nigeria Plc visited and donated both monetary and non-monetary items to orphanages, less-privileged homes and foundations in line with her commitment to ensuring that the immediate environments in which the company operates are positively impacted. These include

  1. Ijamido Children Homes
  2. Heritage Homes
  3. Pacelli School for the Blind.
  4. Down syndrome homes.
  5. Sickle cell foundation
  6. Widows and downtrodden
  7. Heart Foundation.

  Women Against Risk International Foundation (WARIF) and others also benefited from these charity upliftments in 2022

Donation of Bunk Beds to the Pacelli School for the Blind

Sustainability Report

Health and Safety (SDG 8, 11, 17)

May and Baker Plc recognize that we have a responsibility to our stakeholders, including employees, customers, suppliers, and the community at large. In 2022, we continued to prioritize the safety and well-being of our stakeholders by implementing strict health and safety protocols.

Through our health, safety and environment policy, we strive to produce quality products and services in a safe working environment and minimize undue exposure to hazards for our workers and other stakeholders. We strive to reduce the impact of our operations on the environment by adopting sustainable practices in all stages of our manufacturing processes. We regularly conduct training for all staff on health and safety matters and update our health and safety policies, procedures and guidelines in line with global best practices.

Community Engagement

At May & Baker Nigeria Plc, we understand the importance of community engagement and we continue to collaborate with local communities to promote sustainable development. In 2022, we supported several community development projects. We also sponsored various community empowerment programs, including education and capacity-building initiatives.

Award received from Police Community Relations Committee for supporting local police.

GOVERNANCE PILLAR

Sustainable Governance at May & Baker Nigeria Plc

At May & Baker Nigeria Plc, we adhere to the highest corporate governance standards, which are consistent with our company's values, and this is reflected in our leadership. We maintain a strong corporate governance framework by applying local laws and guidelines, such as the Companies and Allied Matters Act 2020, the Nigerian Code of Corporate Governance 2018, the Securities and Exchange Commission (SEC) Corporate Governance Guidelines, and other international best practices on corporate governance.

Sustainability Report

Code of Business Conduct

May & Baker Nigeria Plc is committed to transparency and accountability to our stakeholders. To encourage ethical behaviour in our business, we are guided by our code of business conduct and ethics which reinforces our commitment to operating with integrity and by relevant local and international laws. At May & Baker Nigeria Plc, there is zero tolerance for violations of applicable laws and regulations which are strictly enforced. Our Code of Business Conduct ensures that our directors, officers, and employees comply with May & Baker Nigeria Plc's standards for ethical business. Our zero-tolerance policy for bribery and corruption is communicated to our customers, suppliers, and other stakeholders.

Cyber Security and Data Protection (SDGS 8, 9,11,12,16,17)

At May & Baker Nigeria Plc, we have put in place robust cyber security systems to ensure that our systems are immune from cyber-attacks and prevent any disruptions that may affect our business's sustainability. We prioritize the privacy of our employees, customers, vendors, and other stakeholders through our data protection policies and processes and compliance with the Nigerian Data Protection Regulation (NDPR) 2019 and all other applicable laws and regulations.

May & Baker Nigeria Plc received the NDPR Audit Compliant Mark from the Nigerian Data Protection Bureau to place on its website as a recognition of its compliant status.

Diversity and Inclusion

We are committed to inclusive workplace practices and therefore we are intentional about our recruitment, selection, and training strategies to ensure a diverse and inclusive workforce. Currently, women hold **44%** of the available board seats and **38%** of management positions at the company. We value our employees' perspectives and strive for full inclusion across all levels of the organization.

Sustainability Report

STAKEHOLDER ENGAGEMENT

May & Baker Nigeria Plc is committed to continue engaging with our stakeholders in an open, transparent and accountable manner. We achieve this by holding frequent engagements with stakeholders to understand their top priorities and obtain valuable feedback on the effects of our business practices. Feedback from such engagements has been utilized in new product development, improving accountability, and facilitating decision-making processes.

The table below shows how we engaged with our various stakeholder groups in 2022:

Stakeholder	Engagement Method	Frequency
Investors/Shareholders	Annual General Meeting Annual Reports	Annually
Employees	MD/CEO's New Year Message, notice board, emails, one-on-one engagements, Staff-Briefing, Team Meetings	Quarterly Weekly
Customers	In-person meetings, customers feedback, emails, one-on-one engagements, meetings, customer service week, Customer Satisfaction Survey Market Activations	Frequently
Suppliers/Contractors,	Annual Forum Emails	Frequently
Local Communities	Town Hall Meetings Courtesy Visits	Frequently
Government and Regulators,	Meetings, Letters / Courtesy Visits, Official letters/ emails, periodic assessments, compliance filing and reporting, annual financial report, meetings	Frequently

Sustainability Report

ECONOMIC PILLAR

VALUE CREATION THROUGH OUR BUSINESS

At May & Baker Nigeria Plc, we are committed to creating value for our stakeholders and contributing to the nation's economic growth.

Notwithstanding the economic challenges and difficult operating environment of 2022, we achieved significant growth in 2022. Key to the attainment of good results in 2022 was the implementation by management of a strategic initiative to lower production costs, improve resource planning and utilization and achieve greater efficiencies across all segments of our business.

- In 2022, our sales revenue increased by **20.39%** to **₦14.3B** year on year
- In 2022, our PBT increased by **42.72%** to **₦2.1B** year on year
- In 2022, our PBT margin increased from **12.26%** in 2021to **14.64 %** in 2022 (see chart below)

Value to Shareholders In 2022, the Total dividend paid is **₦517.6m**, the Return on equity is **18.1%**, Total No. of Shareholders is **44,408**.

Value to Customers As the pioneer pharmaceutical company in Nigeria, our customers are confident in the high-quality products we produce. We constantly develop new innovative products to improve the quality of life of our people. We are 100% compliant with all product labelling laws. We achieved WHO certification in 2015 and currently undergoing re-certification audits.

Value to Employees: Salaries and wages that we paid in 2022 amounted to **₦ 1.007B** as part of our direct contribution to household income in Nigeria. It represents a **3.3%** increase from **₦0.975**B in 2021.

Value to Communities - A total of ₦512.95M was paid as taxes by May & Baker Nigeria Plc to the government, used for meeting societal needs concerning healthcare, infrastructure, etc. May & Baker Nigeria Plc created over 690 direct and indirect jobs in 2022, contributing positively to the Nigerian economy.

Value to Suppliers – At May & Baker Nigeria Plc, 23.5% of our procurement budget was spent on local Purchases in 2022 which represents **26%** growth from 2021.

Conclusion

At May and Baker Nigeria Plc, we are committed to operating our business in a sustainable and socially responsible manner. In 2022, we made significant progress towards achieving our sustainability goals, including reducing our environmental footprint, promoting ethical business practices, engaging with communities, and operating in a financially sustainable manner. We will continue to strive for excellence in sustainability and ensure that our operations align with global best practices.

Report of the Independent Consultants on the Review of Corporate Governance Framework of May & Baker Nigeria Plc and the Board of Directors Performance Evaluation for the Year Ended 31 December 2020 (valid for 3 years: 2020 - 2022)

Deloitte & Touche has performed the annual corporate governance review on May & Baker Nigeria Plc ("May & Baker") for the year ended 31 December 2020. The review was performed in compliance with Section 11.2.9.5 and Principle 15 of the Nigerian Code of Corporate Governance ("NCCG").

Deloitte & Touche has also performed the annual evaluation of the Board of Directors of May and Baker Nigeria Plc ("May & Baker") for the year ended 31 December 2020. The scope of the review included an assessment of the structure and composition of the Board, responsibilities, processes, procedures and the effectiveness of Board Committees. The review was performed in compliance with 14 Principles of the Nigerian Code of Corporate Governance ("NCCG").

Corporate Governance Review
We evaluated the Corporate Governance framework in line with regulatory requirements under the NCCG, the SEC Guidelines and other good practice Corporate Governance standards. The scope of the review included an assessment of key areas of May & Baker corporate governance framework, including the framework of the Board structure and composition, Board operations and effectiveness, assurance functions, corporate disclosures and relationship with stakeholders.

The report of our evaluation was premised on desk review of governance policies, charters and minutes, as well as interview sessions with Directors and Executive Management staff. The result of our evaluation has shown that the Corporate Governance framework and practices in May & Baker substantially complies with the provisions of the extant Codes of Corporate Governance. The report further highlights details of our review activities, observations and some recommendations for the Board and Executive Management's action.

Board Performance Evaluation
We evaluated the performance of the Board in line with regulatory requirements under the SEC Corporate Governance Guidelines and the Nigeria Code of Corporate Governance ("NCCG"). Our approach involved a review of the Board framework in May & Baker, relevant governance documents, policies and procedures. The report of our evaluation was premised on desk review of governance documents, interview sessions with Directors and survey responses received from the Directors.

The result of our evaluation has shown that the Board substantially complies with the provisions of the extant Codes of Corporate Governance in terms of its structure, composition, procedures and responsibilities. We also ascertained that the key Board functionaries (Board and Board Committee Chairpersons) and the Board Committees met their responsibilities under the Codes and governance charters in May & Baker. The report further highlights details of our review activities, observations and some recommendations for the Board's action.

It should be noted that the matters raised in this report are only those which came to our attention during the course of our review. The evaluation is limited in nature, and does not necessarily disclose all significant matters about the company or reveal any irregularities. As such, we do not express any opinion on the activities reported.

Yours faithfully,
For: Deloitte and Touche

Ibukun Beecroft

IBUKUN BEECROFT
FRC/2020/ICAN/00000020765
PARTNER

Deloitte

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 31st December, 2022 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 31st December, 2022 and for the periods presented in the report.

....
Managing Director/CEO
FRC/2021/003/00000023215

....
Finance Director
FRC/2014/ICAN/00000008270

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Independent Auditor's Report

PKF
Accountants & business advisers

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 2022, 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 2022, 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, 2020.

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.

Independent Auditor's Report

PKF Accountants & business advisers

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 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The audit matters below relate to the audit of the consolidated financial statements.

Key Audit Matters	How the matter was addressed in the audit
a) **Information technology (IT) systems and control over financial reporting**	**How the matter was addressed in the audit**
A significant part of the Group's financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes of controls is ensuring appropriate user process and change management protocols exist, and are being adhered to. These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. The Group is using a Microsoft Dynamic Navision. The Group has an IT division to manage the IT functions, and/or to assist with minor operational requirements while GEMS 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.	We focused our audit on those IT systems and controls that are significant for the Company financial reporting process. As audit procedures over IT systems and controls require specific expertise, we involved IT specialist in our audit. We assessed and tested the design and operating effectiveness of the Company's IT controls, including those over users access and change management as well as date reliability. In a limited number of cases, we adjusted our planned audit approach as follows: • We extended our testing to identify whether there had been unauthorised or inappropriate access or changes made to critical IT systems and related data; • Where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative controls; and • Where required, we performed a greater level of testing to validate the integrity and reliability of associated data reporting.
b) **Impairment allowance for trade and other receivables** Trade and other receivables are stated at their invoiced values less appropriate allowance for impairment as disclosed in Note 17 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. All the assumptions used in arriving at the approved matrix makes the impairment of trade receivables a key audit matter.	We focused our testing of impairment of trade and other receivables on the assumptions made by management. Our audit procedures included: • Updating, evaluating and validating our understanding of the receivable cycle. Carried out debtors circularisation, to obtain evidence for the accuracy and existence of debts. • Evaluated the accounting principles underlying revenue recognition, which form the basis for the recognition of trade receivables. • Evaluated the related risks associated with the company's credit policy and the aging of trade receivables as disclosed in Note 17 of the consolidated financial statements. • Review of the impairment model used by management taking into account our understanding of client's business and the reasonableness of the assumptions used.

Independent Auditor's Report

PKF
Accountants & business advisers

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.

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, 2020, 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.

Independent Auditor's Report

PKF
Accountants & business advisers

- 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.

- 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 for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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.

Report on Other Legal and Regulatory Requirements
In accordance and compliance with the requirement of fifth schedule of the Companies and Allied Matters Act, 2020, we confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit:

ii) The Company and its subsidiaries have kept proper books of account, so far as appears from our examination of those books.

iii) The Group's consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income are in agreement with the books of account.

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

Dated: 23 March 2023

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
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CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
	Notes	**2022 N'000**	2021 N'000	**2022 N'000**	2021 N'000
Continuing operations					
Revenue	5.1	**14,328,266**	11,901,583	**13,582,890**	11,038,948
Cost of sales	5.2	**(10,452,985)**	(7,202,971)	**(10,099,256)**	(6,823,985)
Gross profit		**3,875,281**	4,698,612	**3,483,634**	4,214,963
Other operating income	6	**1,673,747**	43,017	**1,670,494**	43,017
Distribution, sales and marketing expenses	7	**(2,149,236)**	(1,811,937)	**(1,899,866)**	(1,669,628)
Administrative expenses	7.1	**(1,235,417)**	(1,228,123)	**(1,152,819)**	(1,157,195)
Operating profit		**2,164,375**	1,701,569	**2,101,443**	1,431,157
Finance income	8.1	**231,476**	59,432	**231,411**	59,138
Finance costs	8.2	**(286,034)**	(266,828)	**(285,532)**	(255,845)
Share of loss in joint ventures	15.2	**(25,565)**	(33,798)	**-**	-
Profit before income tax		**2,084,252**	1,460,375	**2,047,322**	1,234,450
Income tax expense	9	**(593,642)**	(410,768)	**(565,367)**	(323,609)
Profit from continuing operations		**1,490,610**	1,049,607	**1,481,955**	910,841
Attributable to:					
Equity shareholders		**1,490,610**	1,049,607	**1,481,955**	910,841
Other Comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Total comprehensive income for the year		**1,490,610**	1,049,607	**1,481,955**	910,841
Attributable to:					
Equity shareholders		**1,490,610**	1,049,607	**1,481,955**	910,841
Basic and diluted earnings per share (Kobo) - **From continuing operations**	10	**86.40**	60.84	**85.90**	52.80

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 AND SEPARATE STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2022

		The Group		The Company	
	Notes	**2022 N'000**	2021 N'000	**2022 N'000**	2021 N'000
Assets					
Non current assets					
Property, plant and equipment	12	**5,011,612**	3,860,715	**4,969,007**	3,833,151
Intangible assets	13	**11,315**	21,836	**11,110**	21,571
Right of use assets	14	**738**	3,688	**738**	3,688
Investment in subsidiaries	15	**-**	-	**3,000**	3,000
Investment in Joint Venture	16	**1,141,559**	1,167,124	**1,326,886**	1,326,886
		6,165,225	5,053,363	**6,310,741**	5,188,296
Current assets					
Inventories	17	**5,342,018**	3,588,145	**5,228,008**	3,351,580
Trade and other receivables	18	**1,016,512**	1,165,389	**948,166**	1,006,063
Other assets	20	**2,474,626**	4,933,362	**2,451,557**	4,909,415
Due from related party	19.1	**52,432**	1,260	**82,531**	169,330
Cash and cash equivalents	21	**2,906,797**	2,880,699	**2,864,683**	2,679,981
		11,792,385	12,568,855	**11,574,945**	12,116,369
Total assets		**17,957,610**	17,622,218	**17,885,686**	17,304,665
Equity and liabilities					
Ordinary shares	22.1	**862,617**	862,617	**862,617**	862,617
Share premium	22.2	**3,012,065**	3,012,065	**3,012,065**	3,012,065
Retained earnings	23	**3,961,830**	2,988,790	**3,840,900**	2,876,515
Asset revaluation reserve	23.2	**408,144**	408,144	**408,144**	408,144
		8,244,656	7,271,616	**8,123,726**	7,159,341
Non-current liabilities					
Loans and borrowings	24.3	**2,322,768**	2,893,510	**2,322,768**	2,893,510
Post employment benefits	25.1	**37,409**	40,506	**37,409**	40,506
Deferred tax liabilities	9.3	**840,320**	784,980	**833,721**	781,300
Deferred fair value gain on loan	27.2	**414,711**	556,771	**414,711**	556,771
		3,615,208	4,275,767	**3,608,609**	4,272,087
Current liabilities					
Loans and borrowings	24.3	**3,235,680**	3,643,661	**3,235,680**	3,644,584
Trade and other payables	26	**2,157,199**	1,748,393	**2,039,615**	1,605,251
Due to related party	19.2	**10,161**	121,957	**207,052**	121,460
Current tax liabilities	9.2	**542,991**	363,981	**519,289**	305,100
Deferred fair value gain on loan	27.1	**151,715**	196,842	**151,715**	196,842
		6,097,746	6,074,834	**6,153,351**	5,873,237
Total liabilities		**9,712,954**	10,350,601	**9,761,960**	10,145,324
Total equity and liabilities		**17,957,610**	17,622,218	**17,885,686**	17,304,665

These consolidated financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on **23 March 2023**.

Daisy Danjuma	**Patrick Ajah**	**Ayodeji Aboderin**
Chairman	**Managing Director**	**Finance Director/ CFO**
FRC/2020/003/00000020890	**FRC/2021/003/00000023215**	**FRC/2014/ICAN/00000008270**

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Retained earnings	Asset revaluation reserve	Total
	N'000	N'000	N'000	N'000	N'000
Equity attributable to equity holders - the Group					
At 1 January 2021	862,617	3,012,065	2,456,751	408,144	6,739,577
Changes in equity for 2021:					
Profit for the year	-	-	1,049,609	-	1,049,609
Adjustment on deferred tax			-		-
Right issue in the year	-	-	-		-
Dividend declared and paid	-	-	(517,570)	-	(517,570)
	-	-	**532,039**	-	532,039
At 31 December 2021	862,617	3,012,065	2,988,790	408,144	7,271,616
At 1 January 2022	**862,617**	**3,012,065**	**2,988,790**	**408,144**	**7,271,616**
Changes in equity for 2022:					
Profit for the year	-	-	**1,490,610**	-	**1,490,610**
Dividend declared and paid	-	-	**(517,570)**	-	**(517,570)**
	-	-	**973,040**	-	**973,040**
At 31 December 2022	**862,617**	**3,012,065**	**3,961,830**	**408,144**	**8,244,656**
Equity attributable to equity holders - the Company					
At 1 January 2021	**862,617**	**3,012,065**	**2,483,244**	**408,144**	**6,766,070**
Changes in equity for 2021:					
Profit for the year	-	-	910,841	-	910,841
Dividend declared and paid	-	-	(517,570)	-	(517,570)
	-	-	393,271	-	393,271
At 31 December 2021	862,617	3,012,065	2,876,515	408,144	7,159,341
At 1 January 2022	**862,617**	**3,012,065**	**2,876,515**	**408,144**	**7,159,341**
Changes in equity for 2022:					
Profit for the year	-	-	**1,481,955**	-	**1,481,955**
Dividend declared and paid	-	-	**(517,570)**	-	**(517,570)**
	-	-	**964,385**	-	**964,385**
At 31 December 2022	**862,617**	**3,012,065**	**3,840,899**	**408,144**	**8,123,726**

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
	Notes	**2022 N'000**	2021 N'000	**2022 N'000**	2021 N'000
Cash flows from operating activities					
Profit for the year		**1,490,610**	1,049,607	**1,481,955**	910,841
Adjustment for:					
Depreciation expenses	12	**556,566**	563,426	**537,506**	544,027
Amortisation of intangible assets	13	**10,521**	10,419	**10,461**	10,419
Finance income	8.1	**(231,476)**	(59,432)	**(231,411)**	(59,138)
Finance costs	8.2	**286,034**	266,828	**285,532**	255,845
Share of loss in joint ventures	15.2	**25,565**	33,798	**-**	-
Employment benefit charged	25.1	**17,579**	18,478	**17,184**	1,354
Income tax expense	9	**538,298**	408,009	**512,946**	320,030
(Profit)/loss on disposal of property, plant and equipment	6	**(1,185,438)**	(795)	**(1,185,088)**	1,225
Impairment on trade and other receivable	18	**81,544**	(27,572)	**58,239**	(10,775)
		1,589,803	2,262,766	**1,487,324**	1,973,828
Changes in:					
Increase in Inventories	17	**(1,753,877)**	(1,148,562)	**(1,876,428)**	(1,005,906)
Decrease in trade and other receivables	18	**67,333**	229,713	**(342)**	272,288
Increase in other assets	20	**2,458,736**	(3,528,538)	**2,457,858**	(3,508,303)
(Increase)/decrease in due from related party	19.1	**(51,172)**	(1,260)	**86,799**	43,698
Right of use of assets	14	**2,950**	(3,688)	**2,950**	(3,688)
Increase in trade and other payables	26	**371,606**	359,858	**397,164**	314,392
(Decrease)/increase in due to related party	19.2	**(111,796)**	(100,278)	**85,592**	(100,775)
Deferred fair value gain	27.2	**(187,187)**	162,792	**(187,187)**	162,791
Increase in deferred tax	9.3	**55,340**	2,759	**52,421**	3,580
Cash generated from/(used in) operating activities		**2,441,736**	(1,764,438)	**2,506,151**	(1,848,095)
Tax paid	9.4	**(359,288)**	(522,621)	**(298,757)**	(493,488)
Employee benefit paid	25.1	**(20,676)**	(21,916)	**(20,281)**	(4,792)
Net cash from/(used in) operating activities		**2,061,772**	(2,308,975)	**2,187,113**	(2,346,375)
Cash flows from investing activities:					
Purchase of property, plant and equipment	12	**(1,741,610)**	(538,958)	**(1,706,764)**	(521,753)
Purchase of intangible		**-**	(1,781)	**-**	(1,516)
Proceeds on sale of property plant and equipment		**1,219,586**	54,268	**1,218,490**	52,056
Finance income		231,476	59,432	231,411	59,138
Net cash used in investing activities		**(290,548)**	(427,039)	**(256,863)**	(412,075)
Cash flows from financing activities:					
Repayment of loans and borrowings other than overdraft	24.3	**(677,099)**	(502,500)	**(677,099)**	(502,500)
(Repayment)/additions to Import Finance Facility	24.3	**(198,549)**	1,907,378	**(199,472)**	1,864,048
Additions to term loans		**-**	850,000	**-**	850,000
Unclaimed dividend received		**37,200**	43,951	**37,200**	43,951
Dividend paid	22	**(517,570)**	(517,570)	**(517,570)**	(517,569)
Finance costs	8.2	**(286,034)**	(266,828)	**(285,532)**	(255,845)
Net cash (used in)/from financing activities		**(1,642,053)**	1,514,431	**(1,642,474)**	1,482,085
Net increase/(decrease) in cash and cash equivalents		**129,171**	(1,221,583)	**287,776**	(1,276,363)
Cash and cash equivalents at 1 January		**2,749,629**	3,971,212	**2,548,911**	3,825,274
Cash and cash equivalents at 31 December	21.1	**2,878,801**	2,749,629	**2,836,687**	2,548,911
Reconciliation of cash and bank balances to cash and cash equivalents					
Cash and bank balance		**2,906,797**	2,880,699	**2,864,683**	2,679,981
Bank overdrafts and commercial papers		**(27,996)**	(131,070)	**(27,996)**	(131,070)
		2,878,801	2,749,629	**2,836,687**	2,548,911

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

1.2 Basis of preparation
1.2.1 Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements comprise:
• Statement of financial position
• Statement of profit or loss and other comprehensive income
• Statement of changes in equity
• Statement of cash flows
• Notes to the financial statements.

1.2.2 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.

1.2.3 Basis of preparation
The Company maintains the accounting records in accordance with the laws, accounting and reporting regulations of the jurisdictions in which they are incorporated and registered, namely Nigeria.

The consolidated financial statements of the Company are presented in accordance with IFRS.

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of Land and fair valuation of financial instruments

1.2.4 Functional and presentation currency
These consolidated financial statements are presented in Nigeria Naira (NGN), which is the Company's functional currency. All financial information presented in NGN has been rounded to the nearest thousand unless otherwise stated.

2. Adoption of new and revised standards
2.1 New and amended IFRS Standards that are effective for the current year
In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of the initial application of Interest Rate Benchmark Reform
In the prior year, the Company adopted the Phase 1 amendments Interest Rate Benchmark Reform Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Company has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2022

Both the Phase 1 and Phase 2 the amendments are not relevant to the Company and the Directors of the Company assessed that the application of the amendments has an immaterial impact on the Company's financial statements.

2.2 New and revised IFRS Standards in issue but not yet effective (but allow early application) for the year ending 31 December 2022

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 (including the June 2021 amendments to IFRS 17) - Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate OT Joint Venture
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2021 Cycle - Amendments to IFRS 1 First-timeAdoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16Leases, and IAS 41 Agriculture
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

IFRS 17 Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policy holders' options and guarantees.

In June 2021, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements — Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Directors of the company do not anticipate that the application of the amendments in the future will have an impact on the company’s financial statements.

Amendments to IFRS 3 Business Combinations — Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts — Cost of Fulfilling a Contract
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract
The amendments specify that the cost of fulfilling a contract comprises the costs that relates directly to the contract. Cost that relates directly to a contract consists of both the incremental cost of fulfilling that contract. Examples would be direct labour or materials and allocation of other costs that relates directly to fulfilling the contract (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendment's. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendment in the future will have an impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2018 - 2020 — Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

IAS 41 Agriculture
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four- step materiality process’ described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:
- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 12 Income Taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
- Right-of-use assets and lease liabilities;
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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

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

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

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquire 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 forrecognition 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 IAS19 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:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

3.7 Right of use assets
3.7.1 IFRS 16 Leases
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 asset similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Therefore, 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.

The company has adopted IFRS 16. However, the company does not have lease liabilities in respect of the leased assets to be treated under this new IFRS. The Company made full payment to the lessor; therefore, the leased assets has been reclassified to right of use to be amortised for the entire period of the lease.

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 leases have on the financial position, financial performance and cash flows of the lessee.

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.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.9 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.

3.10 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:

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Class	Useful life (range)
Buildings	50 years
Plant, machinery and fittings	10-5years
Office equipment and furniture	10-4years
Trucks and motor vehicles	8 - 3 years

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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. Debt instruments are measured at amortised cost if both of the following conditions are met and the

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.

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.

3.16 Deferred fair value gain on loans

Deferred fair value gain on loans are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the gains will be received. Deferred fair value gain on loans are recognised in profit or loss on a systematic basis over the years in which the Company recognises as expenses the related costs for which the gains are intended to compensate. Specifically, deferred fair value gain on loans whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Deferred fair value gain on loans that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

support to the Company with no future related costs are recognised in profit or loss in the year in which they become receivable. The benefit of a deferred fair value gain on loans at a below-market rate of interest is treated as a deferred fair value gain on loans, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The amount recognised as deferred fair value gain on loan is recognised in profit or loss over the year the related expenditure is incurred.

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 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.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting year.

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 AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

	The Group		The Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
The Group's revenue comprises sale of goods as analysed below:				
Pharmaceuticals	**14,301,724**	11,868,092	**13,556,348**	11,005,457
Beverage	**26,542**	33,491	**26,542**	33,491
Total revenue	**14,328,266**	11,901,583	**13,582,890**	11,038,948
5.2 Costs of sales				
Total direct material costs	**8,724,610**	6,072,665	**8,370,881**	5,689,918
Total direct labour costs	**449,920**	426,462	**449,920**	426,462
Total direct expenses	**1,118,458**	596,046	**1,118,458**	599,807
Total factory overhead expenses	**159,997**	107,798	**159,997**	107,798
Total costs of sales	**10,452,985**	7,202,971	**10,099,256**	6,823,985
Gross profit	**3,875,281**	4,698,612	**3,483,634**	4,214,963
Gross margin	**27%**	39%	**26%**	38%

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.

ii **Beverage -** This segment is involved in the production of bottled water.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
5.3.1 Segment revenue				
Pharmaceuticals	**14,301,724**	11,868,092	**13,556,348**	11,005,457
Beverage	**26,542**	33,491	**26,542**	33,491
	14,328,266	11,901,583	**13,582,890**	11,038,948

5.3.1.1 Segment revenue reported above represents revenue generated from external customers.

	The Group		The Company	
5.3.2 Segment profit				
Pharmaceuticals	**3,872,457**	4,690,008	**3,480,810**	4,206,360
Beverage	**2,824**	8,604	**2,824**	8,604
Total segment profit	**3,875,281**	4,698,612	**3,483,634**	4,214,964
Other operating income (Note 6)	**1,673,747**	43,017	**1,670,494**	43,017
General administration costs, selling and distribution expenses	**(3,384,653)**	(3,040,060)	**(3,052,685)**	(2,826,823)
Finance income	**231,476**	59,432	**231,411**	59,138
Finance costs	**(286,034)**	(266,828)	**(285,532)**	(255,845)
Share of loss of joint venture	**(25,565)**	(33,798)	**-**	-
Profit before tax	**2,084,252**	1,460,375	**2,047,322**	1,234,451

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022	2021	**2022**	2021
	Revenue from external customers	Revenue from external customers	Revenue from external customers	Revenue from external customers
	₦'000	₦'000	**₦'000**	₦'000
East	**4,599,141**	3,923,338	**4,315,220**	3,610,066
West	**3,102,570**	2,653,763	**2,996,017**	2,576,764
Lagos	**4,925,521**	3,821,920	**4,613,695**	3,402,240
North	**1,701,034**	1,502,564	**1,657,958**	1,449,879
	14,328,266	11,901,585	**13,582,890**	11,038,949

	The Group		The Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
6. Other operating income				
Insurance indemnity (Note 6.1)	**64,273**	14,994	**64,273**	14,994
Income on contract manufacturing	**4,084**	14,053	**4,084**	14,053
Rental income(Note 6.2)	**3,200**	3,200	**3,200**	3,200
Provision no longer required	**-**	10,770	**-**	10,770
Exchange gain	**416,752**	-	**413,849**	-
Profit on disposal of property, plant and equipment	**1,185,438**	-	**1,185,088**	-
	1,673,747	43,017	**1,670,494**	43,017

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

6.2 The rental income is earned on warehouse located at Kano and owned by the Company, which is leased out to other Company as rental

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
7. Expenses by nature				
Personnel expenses	**458,156**	405,314	**436,438**	383,507
Depreciation and amortisation	**96,029**	96,856	**92,434**	93,809
Repairs and maintenances	**60,296**	41,612	**57,843**	40,191
Transport and travelling expenses	**85,350**	97,518	**84,766**	93,977
Insurance expenses	**44,402**	30,694	**37,647**	27,995
Licensing/registration	**43,224**	19,945	**35,659**	14,509
Director's emolument and expenses	**120,208**	118,981	**120,208**	118,981
Director's fees	**7,750**	7,750	**7,750**	7,750
Public relations, promotions and advertisements	**11,636**	9,638	**11,436**	9,638
Subscriptions and dues	**7,657**	19,802	**7,657**	19,802
Audit fees	**13,355**	13,355	**11,500**	11,500
Legal and professional charges	**55,457**	24,043	**46,217**	19,264
Printing, stationery and promotional material	**12,695**	12,529	**11,739**	12,084
Security expenses	**29,148**	27,120	**29,148**	27,120
Stamp duty	**2,817**	-	**2,817**	-
Obsolete stock written off	**919**	40	**-**	-
Telephone and postages expenses	**12,539**	7,227	**11,528**	6,397
Company Secretary and AGM expenses	**14,105**	10,644	**14,105**	10,644
Admin and Management expense	**28,542**	25,573	**28,542**	25,573
Electricity and generator expenses	**26,732**	9,263	**26,731**	9,263
Bank charges and commissions	**37,230**	17,419	**21,952**	17,419
Exchange loss	**-**	141,017	**-**	142,196
IT expenses	**44,584**	32,960	**44,584**	32,960
Loss on disposal of fixed assets	**-**	996	**-**	1,225
Office and quarters expenses	**22,586**	57,827	**12,118**	31,391
	1,235,417	1,228,123	**1,152,819**	1,157,195
7.1 Expenses by function				
Costs of sales (Note 5.2)	**10,452,985**	7,202,971	**10,099,256**	6,823,985
Distribution, Sales and marketing expenses	**2,149,236**	1,811,937	**1,899,866**	1,669,628
Administrative expenses (Note 7)	**1,235,417**	1,228,123	**1,152,819**	1,157,195
	13,837,638	10,243,031	**13,151,941**	9,650,808

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
8. Net finance costs				
8.1 Finance income				
Interest income	**(231,476)**	(59,432)	**(231,411)**	(59,138)
8.2 Finance cost				
Deferred income realised (Note 8.1)	**(169,038)**	(157,710)	**(169,038)**	(157,710)
Interest on loans and overdraft	**455,072**	424,538	**454,570**	413,555
	286,034	**266,828**	**285,532**	**255,845**

8.1 This relates to the fair value gain on the CBN and Bank of Industry loan account now realised.

8.3 Included in the amount was Nil (Dec 2021 : Nil) representing interest on loans from related party.

	The Group 2022 ₦'000	The Group 2021 ₦'000	The Company 2022 ₦'000	The Company 2021 ₦'000
9. Taxation				
9.1 Income tax expense				
Back duty assessment charge:				
Income tax	**243,280**	-	**243,280**	-
Education tax	**7,901**	-	**7,901**	-
Capital Gains tax	**1,705**	-	**1,705**	-
	252,886	-	**252,886**	-
Current year charge:				
Income tax	**240,580**	334,582	**217,501**	255,781
Education tax	**37,323**	43,069	**35,053**	36,100
Policy fund levy	**106**	565	**102**	552
Capital Gains tax	**7,404**	-	**7,404**	-
NASENI levy	**-**	29,793	**-**	27,597
	538,298	408,009	**512,946**	320,030
Deferred tax charged (Note 9.3)	**55,344**	2,759	**52,421**	3,579
Total current tax expense	**593,642**	410,768	**565,367**	323,609

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
9.2 Deferred tax on origination and reversal of temporary differences:				
Deferred tax charged (Note 9.3)	55,344	2,759	**52,421**	3,579
Total deferred tax charge	**55,344**	2,759	**52,421**	3,579
Total income tax expense	**593,642**	410,768	**565,367**	323,609
Factors affecting tax expenses for the year				
Profit before tax as shown in the consolidated and separate income statement	**2,084,252**	1,460,375	**2,047,322**	1,234,450
Expected income tax expense on profit at statutory tax rate (30%)	**625,276**	438,113	**614,197**	370,335
Effect of portion of income taxed on a different basis - education tax	**37,323**	43,069	**35,053**	36,100
Capital allowance effect	**(74,513)**	(75,970)	**(31,462)**	(79,247)
Effect of minimum taxation	**5,556**	5,556	**-**	-
Deferred tax effect	**(55,344)**	(2,759)	**(52,421)**	(3,579)
	593,642	410,768	**565,367**	323,609
Effective tax rate	**28%**	28%	**28%**	26%

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

9.2 Current tax liabilities				
Income tax payable (Note 9.4)	**542,991**	363,981	**519,289**	305,100

9.3 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	**840,320**	784,980	**833,721**	781,300

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Group				Company			
	Opening balance ₦'000	Recognised in profit or loss ₦'000	Other Comprehensive Income ₦'000	Closing balance ₦'000	Opening balance ₦'000	Recognised in profit or loss ₦'000	Other Comprehensive Income ₦'000	Closing balance ₦'000
9.3.1 2022								
Deferred tax liabilities/ (assets) in relation to:								
Property, plant and equipment	**575,377**	**198,006**	**-**	**773,383**	**575,564**	**198,006**	**-**	**773,570**
Retirement benefit obligations	**(204,852)**	**(25)**	**-**	**(204,877)**	**(204,943)**	**(25)**	**-**	**(204,968)**
Exchange loss (Trade creditor)	**7,478**	**(64,267)**	**-**	**(56,789)**	**7,479**	**(64,267)**	**-**	**(56,788)**
Provision for debt on Trade debtors	**404,608**	**(81,293)**		**323,315**	**403,200**	**(81,293)**	**-**	**321,907**
	782,612	**52,421**	**-**	**835,033**	**781,300**	**52,421**	**-**	**833,721**
Adjustment (Note 22.1)	**2,368**	**2,919**	**-**	**5,287**				**-**
	784,980	**55,340**	**-**	**840,320**	**781,300**	**52,421**	**-**	**833,721**
9.3.2 2021								
Deferred tax liabilities/ (assets) in relation to:								
Property, plant and equipment	571,255	4,122	-	575,377	571,442	4,122	-	575,564
Retirement benefit obligations	(204,309)	(543)	-	(204,852)	(204,400)	(543)	-	(204,943)
Recognised on asset revaluation	7,478	-	-	7,478	7,479	-	-	7,479
Provision for doubtful debts	405,429	(821)		404,608	403,200	-	-	403,200
	779,853	2,759	-	782,612	777,721	3,579	-	781,300
Adjustment (Note 22.1)	2,368	-	-	2,368				-
	782,221	2,759	-	784,980	777,721	3,579	-	781,300

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	
	2022 ₦'000	2021 ₦'000	**2022 ₦'000**	2021 ₦'000
9.4 Income tax				
Analysis of movements in the current tax balance during the year:				
At 1 January	**363,981**	478,592	**305,100**	478,558
Income tax	**483,860**	334,582	**460,781**	255,781
Education tax	**45,224**	43,069	**42,954**	36,100
Policy fund levy	**106**	565	**102**	552
NASENI levy	**-**	29,793	**-**	27,597
Capital Gains Tax	**9,109**	-	**9,109**	-
Tax paid during the year	**(359,288)**	(522,621)	**(298,757)**	(493,488)
At 31 December	**542,991**	363,981	**519,289**	305,100

9.4.1 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 AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
10. Basic earnings per share				
Profit for the year attributable to equity holders	**1,490,610**	1,049,607	**1,481,955**	910,841
Earnings from continuing operations	**1,490,610**	1,049,607	**1,481,955**	910,841
Number of shares				
Weighted average number of shares for basic earning per share	**1,725,234**	1,725,234	**1,725,234**	1,725,234
Effect of dilutive potential share: restricted shares and share options	**-**	-	**-**	-
Weighted average number of shares for diluted earnings per share	**1,725,234**	1,725,234	**1,725,234**	1,725,234
Earnings per share (kobo) - from discontinued operations				
- Basic	**86.40**	60.84	**85.90**	52.80
- Diluted	**86.40**	60.84	**85.90**	52.80
Earnings per share (kobo)-from continuing operations				
- Basic	**86**	61	**86**	53
- Diluted	**86**	61	**86**	53
11. Operating profit				
Operating profit has been arrived after charging/(crediting):				
Depreciation and amortisation expenses	**556,566**	563,426	**537,506**	544,027
Staff costs	**1,032,463**	1,033,766	**1,007,052**	974,717
Profit on disposal of property, plant and equipment	**1,185,438**	-	**1,185,088**	-
Audit fees	**13,355**	13,355	**11,500**	11,500

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Property, plant and equipment

a. The Group

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

	Freehold land ₦'000	Building ₦'000	Plant & Machinery ₦'000	Furniture & fitting ₦'000	Computer & office equipment ₦'000	Trucks & Motor Vehicles ₦'000	Factory Equipment ₦'000	Capital work-in-progress ₦'000	Total ₦'000
Cost									
At 1 January 2021	334,667	2,594,806	3,631,107	83,195	321,225	823,262	42,108	77,670	7,908,040
Additions	-	21,710	31,632	4,928	96,897	300,137	-	83,654	538,958
Adjustment	-	-	-	-	(1,558)	-	-	-	(1,558)
Write off	-	-	-	-	(435)	-	-	-	(435)
Disposal	-	-	(6,182)	-	(1,450)	(161,212)	-	-	(168,843)
At 31 December 2021	334,667	2,616,516	3,656,557	88,123	414,679	962,187	42,108	161,324	8,276,162
At 1 January 2022	334,667	2,616,516	3,656,557	88,123	414,679	962,187	42,108	161,324	8,276,162
Additions	-	19,708	245,268	14,107	67,842	339,345	0		1,741,610
Reclassification		26,332	46,130	9,770	168	13,007	-	(95,407)	-
Disposals	-	(46,285)	(280,145)	(5,190)	(18,016)	(122,675)	(2,403)	-	(474,714)
At 31 December 2022	**334,667**	**2,616,271**	**3,667,810**	**106,810**	**464,673**	**1,191,864**	**39,705**		**9,543,058**
Depreciation and Impairment									
At 1 January, 2021	-	613,913	2,545,651	67,173	276,619	430,204	35,822	-	3,969,382
Charge for the year	-	47,199	321,089	6,020	30,579	155,188	3,351	-	563,426
Adjustment	-	-	-	-	(1,558)	-	-	-	(1,558)
Write off	-	-	-	-	(242)	-	-	-	(242)
Disposals	-	-	(3,318)	-	(639)	(111,605)	-	-	(115,562)
At 31 December 2021	-	661,112	2,863,422	73,193	304,759	473,787	39,173	-	4,415,446
At 1 January 2022	-	661,112	2,863,422	73,193	304,759	473,787	39,173	-	4,415,446
Charge for the year	-	47,676	157,640	3,734	45,769	299,868	1,879	-	556,566
Disposals	-	(20,162)	(273,376)	(5,026)	(17,832)	(121,856)	(2,314)	-	(440,566)
At 31 December 2022	**-**	**688,626**	**2,747,686**	**71,901**	**332,696**	**651,799**	**38,738**	**-**	**4,531,446**
Carrying amounts:									
At 31 December 2022	**334,667**	**1,927,645**	**920,124**	**34,909**	**131,977**	**540,065**	**967**		**5,011,612**
At 31 December 2021	334,667	1,955,404	793,135	14,930	109,920	488,400	2,935	161,324	3,860,715

a) Included in the depreciation charged for the year was N96,029,109 (December 2021 : N96,855,958) in the administrative expenses, N236,631,105 (December 2021 : N111,165,483) in the distribution, sales and marketing and a charge of N233,907,000 (December 2021 : N383,721,000) to costs of sales in the statement of profit or loss and other comprehensive income for the Group.

b). Adjustment represent generator transfer from Osworth to May and Baker as a result of non workability of the intended need for the item of PPE.

c). Write off accumulated depreciation on the item of PPE transferred.

d) There is negative pledge on the Group's assets

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Property, plant and equipment

b. Company

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

	Freehold land ₦'000	Building ₦'000	Plant & Machinery ₦'000	Furniture & fitting ₦'000	Computer & office equipment ₦'000	Trucks & Motor Vehicles ₦'000	Factory Equipment ₦'000	Capital work-in-progress ₦'000	Total ₦'000
Cost									
At 1 January 2021	334,667	2,594,806	3,628,208	81,796	321,225	768,031	42,108	77,670	7,848,511
Additions	-	21,710	31,632	4,202	96,650	283,905	-	83,654	521,753
Disposals	-	-	(6,182)	-	(1,450)	(156,707)	-	-	(164,339)
At 31 December 2021	334,667	2,616,516	3,653,658	85,998	416,425	895,229	42,108	161,324	8,205,925
At 1 January 2022	**334,667**	**2,616,516**	**3,653,658**	**85,998**	**416,425**	**895,229**	**42,108**	**161,324**	**8,205,925**
Additions	-	19,708	245,268	14,107	52,712	319,629	-	1,055,340	1,706,764
Reclassification		26,332	46,130	9,770	168	13,007	-	(95,407)	-
Disposals	-	(46,285)	(277,247)	(4,932)	(18,016)	(122,675)	(2,403)	-	(471,558)
At 31 December 2022	**334,667**	**2,616,271**	**3,667,809**	**104,943**	**451,289**	**1,105,190**	**39,705**	**1,121,257**	**9,441,131**
Depreciation and Amortisation									
At 1 January, 2021	-	613,913	2,543,461	66,072	276,619	403,917	35,822	-	3,939,804
Charge for the year	-	47,199	321,089	5,964	30,143	136,281	3,351	-	544,027
Disposals	-	-	(3,318)	-	(639)	(107,100)	-	-	(111,057)
At 31 December 2021	-	661,112	2,861,232	72,036	306,123	433,098	39,173	-	4,372,774
At 1 January 2022	-	661,112	2,861,232	72,036	306,123	433,098	39,173	-	4,372,774
Charge for the year	-	47,676	157,640	3,734	42,243	284,334	1,879	-	537,506
Disposals	-	(20,162)	(271,187)	(4,805)	(17,832)	(121,856)	(2,314)	-	(438,156)
At 31 December 2022	**-**	**688,626**	**2,747,685**	**70,965**	**330,534**	**595,576**	**38,738**	**-**	**4,472,124**
Carrying amounts:									
At 31 December 2022	**334,667**	**1,927,645**	**920,124**	**33,978**	**120,755**	**509,614**	**967**	**1,121,257**	**4,969,007**
At 31 December 2021	334,667	1,955,404	792,426	13,962	110,302	462,131	2,935	161,324	3,833,151

(a) Included in the depreciation charged for the year was N92,434,000 (December 2021 : N93,809,000) in the administrative expenses, N221,426,000 (December 2021 : N94,978,000) in the distribution, sales and marketing and a charge of N233,907,000 (December 2021 : N383,7217,175) to costs of sales in the statement of profit or loss and other comprehensive income for the Company.

b) There is negative pledge on the assets of the Company (in place).

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

	Group 2022 ₦'000	Group 2021 ₦'000	Company 2022 ₦'000	Company 2021 ₦'000
13. Intangible assets				
Cost:				
At 31 December	**46,646**	46,646	46,381	46,381
Accumulated amortisation and impairment loss:				
At 1 January 2021	**24,810**	14,391	**24,810**	14,391
Amortisation charge in the year	**10,521**	10,419	**10,461**	10,419
At 31 December	**35,331**	24,810	**35,271**	24,810
Carrying amount	**11,315**	21,836	**11,110**	21,571

13.1 Included in the depreciation charged for the year was amotisation of N10,521,000 (December 2021 : 10,419,000) in the administrative expenses.

13.2 No impairment of intangible assets during the year

13.3 All intangible assets owned by the Group comes from the Parent company.

(b) This represents cost of Microsoft Navision accounting software purchased and capitalised

	Group 2022	Group 2021	Company 2022	Company 2021
14. Right of use assets	**738**	3,688	**738**	3,688

Right of use represent lease agreement between SONA Brewery Limited and May & Baker Nig. Ltd for rent at House 13 Flat B KM 40 Abeokuta Express Road, SONA Village, Sango Ota, Ogun State. The agreement is for a period of 2 years commencing from 1 April 2022 to 31 March 2023.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Held by (Units) In thousand	% voting power	Place of Incorporation of operation	Group 2022 ₦'000	Group 2021 ₦'000	Company 2022 ₦'000	Company 2021 ₦'000
15. Investment in subsidiaries							
Carrying amount-at costs							
Osworth Nigeria Limited (Note 16i)	1,000	100%	Nigeria	-	-	**1,000**	1,000
Servisure Nigeria Limited (Note 16ii)	1,000	100%	Nigeria	-	-	**1,000**	1,000
Tydipack Nigeria Limited (Note 16iii)	1,000	100%	Nigeria	-	-	**1,000**	1,000
				-	-	**3,000**	3,000

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

ii) Servisure Nigeria Limited: A Company incorporated in Nigeria on 14th December 2009 and engaged in the distribution and sales of healthcare and pharmaceutical products

iii) Tydipack Nigeria Limited: A Company incorporated in Nigeria on 17th December 2009 and engaged in healthcare and industrial packaging.

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

Condensed results of consolidated entities
31 December 2022

14.2.1 Condensed statement of profit or loss and other comprehensive income	Parent - May and Baker Nigeria Plc N'000	Osworth Nigeria Limited N'000	Servisure Nigeria Limited N'000	Tydipacks Nigeria Limited N'000	Total N'000	Elimination N'000	Group N'000
Revenue	13,582,890	891,773	-	-	14,474,663	(146,397)	14,328,266
Cost of sales		(500,126)	-	-	(10,599,382)	146,397	(10,452,985)
Gross profit	3,483,634	391,647	-	-	3,875,281	-	3,875,281
Other operating income	1,670,494	3,253	-	-	1,673,747	-	1,673,747
Distribution, sales and marketing expenses	(1,899,866)	(249,279)	-	-	(2,149,145)	(89)	(2,149,234)
Administrative expenses	(1,152,819)	(63,767)	(1,133)	(1,671)	(1,219,390)	(16,029)	(1,235,419)
Operating profit	2,101,443	81,854	(1,133)	(1,671)	2,180,493	(16,118)	2,164,375
Finance cost	(285,532)	(15,278)	(2)	-	(300,812)	532,286	231,476
Finance income	231,411	65			231,476	(517,512)	(286,034)
Share of loss in joint ventures	-	-	-	-	-	(25,565)	(25,565)
Profit/(loss) before tax	2,047,322	66,641	(1,135)	(1,671)	2,111,157	(26,909)	2,084,252
Income tax expenses	(593,642)	(3,922)	-	-	(597,564)	3,922	(593,642)
Profit/loss after tax	1,453,680	62,719	(1,135)	(1,671)	1,513,593	(22,987)	1,490,610

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

31 December 2022	Parent - May and Baker Nigeria Plc	Osworth Nigeria Limited	Servisure Nigeria Limited	Tydipacks Nigeria Limited	Total	Elimination	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
14.2.2 Condensed statement of financial position							
Assets							
Non-current assets							
Property, plant and equipment	4,969,007	42,951	-	-	5,011,958	(346)	5,011,612
Intangible assets	11,110	205	-	-	11,315	-	11,315
Investment in subsidiaries	3,000	-	-	-	3,000	(3,000)	-
Right of use of assets	738				738		738
Investment in Joint Venture	1,326,886	-	-	-	1,326,886	(185,327)	1,141,559
	6,310,741	43,156	-	-	6,353,897	(188,673)	6,165,225
Current assets							
Inventories	5,228,008	114,010	-	-	5,342,018		5,342,018
Trade and other receivables	948,166	308,472	15,214	-	1,271,852	(255,340)	1,016,512
Other current assets	2,451,557	28,742	-	-	2,480,299	(5,673)	2,474,626
Due from related parties	82,531	-	-	-	82,531	(30,099)	52,432
Cash and cash equivalents	2,864,683	40,629	25	1,461	2,906,797	-	2,906,797
	11,574,945	491,853	15,239	1,461	12,083,497	(291,112)	11,792,385
Total assets	17,885,686	535,009	15,239	1,461	18,437,394	(479,785)	17,957,610
Equity and liabilities							
Ordinary shares	862,617	1,000	1,000	1,000	865,617	(3,000)	862,617
Share premium	3,012,065	-	-	-	3,012,065	-	3,012,065
Retained earnings	3,840,900	324,722	(5,669)	(10,978)	4,148,975	(187,144)	3,961,831
Fair value reserve	-	826			826	(826)	-
Asset revaluation reserve	408,144	-	-	-	408,144	-	408,144
	8,123,726	326,548	(4,669)	(9,978)	8,435,627	(190,970)	8,244,657
Liabilities							
Non-current liabilities							
Loans and borrowings	2,322,768	-	-	-	2,322,768	-	2,322,768
Post employment benefits	37,409	-	-	-	37,409	-	37,409
Deferred tax liabilities	833,721	3,680	-	-	837,397	2,923	840,320
Deferred fair value gain on loan	414,711	-	-	-	414,711	-	414,711
	3,608,609	3,680	-	-	3,612,285	2,923	3,615,208
Current liabilities							
Loans and borrowings	3,235,680	-	-	-	3,235,680		3,235,680
Trade and other payables	2,039,616	202,476	19,908	11,439	2,273,439	(116,240)	2,157,199
Due to related party	207,052	-	-	-	207,052	(196,891)	10,161
Current tax liabilities	519,289	2,305	-	-	521,596	21,395	542,991
Deferred fair value gain on loan	151,715	-	-	-	151,715	-	151,715
	6,153,352	204,781	19,908	11,439	6,389,482	(291,736)	6,097,745
Total liabilities	9,761,961	208,461	19,908	11,439	10,001,767	(288,813)	9,712,953
Total equity and liabilities	17,885,687	535,009	15,239	1,461	18,437,394	(479,785)	17,957,610

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

31 December 2021

	Parent - May and Baker Nigeria Plc	Osworth Nigeria Limited	Servisure Nigeria Limited	Tydipacks Nigeria Limited	Total	Elimination	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
14.2.3 Condensed statement of profit or loss and other comprehensive income							
Revenue	11,038,948	878,261	-	-	11,917,209	(15,626)	11,901,583
Cost of sales	(6,823,985)	(398,372)	-	-	(7,222,357)	19,386	(7,202,971)
Gross profit	4,214,963	479,889	-	-	4,694,852	3,760	4,698,612
Other operating income	43,017	229	-	-	43,246	(229)	43,017
Distribution, sales and marketing expenses	(1,669,628)	(142,309)	-	-	(1,811,937)	-	(1,811,937)
Administrative expenses	(1,157,195)	(68,645)	(1,845)	(1,844)	(1,229,529)	1,406	(1,228,123)
Operating profit	1,431,157	269,164	(1,845)	(1,844)	1,696,633	4,937	1,701,569
Net Finance cost	(196,707)	(10,235)	(565)	-	(207,507)	111	(207,396)
Share of loss in joint ventures	-	-	-	-	-	(33,798)	(33,798)
Profit/loss before tax	1,234,450	258,929	(2,410)	(1,844)	1,489,126	(28,750)	1,460,375
Income tax expense	(410,768)	-	-	-	(410,768)	-	(410,768)
Profit/loss after tax	823,682	258,929	(2,410)	(1,844)	1,078,358	(28,750)	1,049,607

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

31 December 2021

	Parent - May and Baker Nigeria Plc	Osworth Nigeria Limited	Servisure Nigeria Limited	Tydipacks Nigeria Limited	Total	Elimination	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
14.2.4 Condensed statement of financial position							
Assets							
Non-current assets							
Property, plant and equipment	3,833,151	27,565	-	-	3,860,716	-	3,860,716
Intangible assets	21,571	265	-	-	21,836	-	21,836
Investment in subsidiaries	3,000	-	-	-	3,000	(3,000)	-
Right of use of assets	3,688				3,688		3,688
Investment in Joint Venture	1,326,886	-	-	-	1,326,886	(159,762)	1,167,124
	5,188,296	27,830	-	-	5,216,126	(162,762)	5,053,364
Current assets							
Inventories	3,351,580	236,564	-	-	3,588,144	-	3,588,144
Trade and other receivables	1,006,063	126,409	15,214	-	1,147,686	17,703	1,165,389
Other assets	4,909,415	41,650	-	-	4,951,065	(17,703)	4,933,362
Due from related party	169,330	-	-	-	169,330	(168,070)	1,260
Cash and cash equivalents	2,679,981	199,280	(23)	1,461	2,880,699	-	2,880,699
	12,116,369	603,903	15,191	1,461	12,736,924	(168,070)	12,568,854
Total assets	17,304,665	631,733	15,191	1,461	17,953,050	(330,832)	17,622,218
Equity and liabilities							
Ordinary shares	862,617	1,000	1,000	1,000	865,617	(3,000)	862,617
Share premium	3,012,065	-	-	-	3,012,065	-	3,012,065
Retained earnings	2,876,515	348,195	(5,031)	(9,307)	3,210,372	(221,581)	2,988,790
Fair value reserve		1,792			1,792	(1,792)	-
Asset revaluation reserve	408,144		-	-	408,144	-	408,144
	7,159,341	350,987	(4,031)	(8,307)	7,497,990	(226,373)	7,271,616
Liabilities							
Non-current liabilities							
Loans and borrowings	2,893,510	-	-	-	2,893,510	-	2,893,510
Post employment benefits	40,506	-	-	-	40,506	-	40,506
Deferred tax liabilities	781,300	4,502	-	-	785,802	(822)	784,980
Deferred fair value gain on loan	556,771	-	-	-	556,771	-	556,771
	4,272,087	4,502	-	-	4,276,589	(822)	4,275,767
Current liabilities							
Loans and borrowings	3,644,584	-	-	-	3,644,584	(923)	3,643,661
Trade and other payables	1,605,251	276,208	19,222	9,768	1,910,449	(162,056)	1,748,393
Due to related party	121,460	-	-	-	121,460	497	121,957
Current tax liabilities	305,100	36	-	-	305,135	58,846	363,981
Deferred income	196,842	-	-	-	196,842	-	196,842
	5,873,237	276,244	19,222	9,768	6,178,470	(103,636)	6,074,834
Total liabilities	10,145,324	280,746	19,222	9,768	10,455,059	(104,458)	10,350,601
Total equity and liabilities	17,304,665	631,733	15,191	1,461	17,953,049	(330,831)	17,622,218

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

16. 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%

16.1

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

	2022 ₦'000	2021 ₦'000
Biovaccine Nigeria Limited		
Current assets	**378,973**	423,837
Non-current assets	**1,571,352**	1,577,992
Current liabilities	**(16,899)**	(23,193)
Non-current liabilities	**-**	-
The following amounts have been included in the amounts above:		
Cash and cash equivalents	**94,703**	17,915
Current financial liabilities(excluding trade and other payables and provisions)	**(1,563,793)**	(1,563,793)
Non-current financial liabilities(excluding trade and other payables and provisions)	**-**	-

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	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
16.2 Revenue	**-**	-	**-**	-
Loss from continuing operations	**(50,128)**	(66,270)	**(107,836)**	(107,836)
Loss for the year	**(50,128)**	(66,270)	**(107,836)**	(107,836)
Other comprehensive income for the year	**-**	-	**-**	-
Total comprehensive loss for the year	**(50,128)**	(66,270)	**(107,836)**	(107,836)
The following amounts have been included in the amounts above:				
Depreciation	**(6,882)**	(7,433)	**(14,928)**	(14,928)
Interest income	**9,016**	10,018	**-**	-
Interest expense	**(5,349)**	(1,139)	**(18)**	(18)
16.2.1 Reconciliation of the summarised financial information to the carrying amount of the interest in the joint venture recognised in the Group's financial statements				
Net assets of the joint venture	**1,933,426**	1,978,636	**843,516**	843,516
Proportion of the Group's ownership interest in the joint ventures	**51%**	51%	**51%**	51%
Gross amount of the Group's interest in the joint venture	**986,047**	1,009,104	**430,193**	430,193
Amount payable to Biovaccine Nigeria Limited	**181,077**	191,818	**896,693**	896,693
Share of accumulated loss from the joint ventures in the year	**(25,565)**	(33,798)	**-**	-
Carrying amount of the Group's interest in the joint venture	**1,141,559**	1,167,124	**1,326,886**	1,326,886

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17. Inventories

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
Raw materials	**2,314,028**	1,105,287	**2,314,947**	1,105,326
Packaging materials	**1,253,831**	695,695	**1,253,831**	682,462
Work-in-progress	**190,405**	232,928	**190,405**	232,365
Finished goods	**983,958**	721,275	**869,196**	564,185
Spare parts	**200,557**	325,961	**200,557**	325,961
Consumables	**399,239**	506,999	**399,072**	441,281
	5,342,018	3,588,145	**5,228,008**	3,351,580

(a) Inventories value of N5.342 million (2021 : N3.588 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 N919,000 (2021: N40,000).

18. Trade and other receivables

	Group		Company	
	2022	2,021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
Trade receivables				
Trade receivables (Note 18.1)	**1,381,877**	1,514,066	**1,312,032**	1,375,138
Less: allowance for doubtful debts (Note 18.3)	**(476,206)**	(464,428)	**(453,512)**	(446,800)
	905,671	1,049,638	**858,520**	928,338
Other receivables				
Staff loans and advances	**205,004**	154,865	**182,721**	132,280
Withholding tax recoverable	**102,112**	83,016	**84,961**	67,575
Refundable deposits to suppliers	**401**	4,071	**401**	4,071
VAT receivable	**16,500**	18,589	**16,500**	18,589
Union Dues-Jnr	**1,230**	1,260	**1,230**	1,260
ITF and Insurance claim	**3,456**	2,046	**3,456**	2,046
	328,703	263,847	**289,269**	225,821
Less: Allowance for doubtful debts (Note 18.4)	**(217,862)**	(148,096)	**(199,623)**	**(148,096)**
Total other receivables	**110,841**	115,750	**89,646**	77,724
Total trade and other receivables	**1,016,512**	1,165,389	**948,166**	1,006,063

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18.1 Trade receivables

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

The average credit period taken on sales of goods is between 30-45 days. No interest is charged on the overdue receivables. In line with the provisions of IFRS 9 on financial instruments, the Company has developed an impairment matrix on all its trade receivables.

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

The company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty.

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
18.2 Ageing of past due receivables:				
0 - 30 days	**440,012**	489,127	**457,621**	453,513
31 - 60 days	**224,450**	238,163	**197,822**	218,163
61 - 90 days	**84,815**	116,737	**71,471**	75,080
91 - 360 days	**260,845**	185,455	**213,363**	143,798
Over 360 days (Note 20.2a)	**371,755**	484,584	**371,755**	484,584
Total	**1,381,877**	1,514,066	**1,312,032**	1,375,138

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

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
18.3 Movement in the allowance for doubtful debts-trade receivables				
At 1 January	**464,428**	471,224	**446,800**	454,225
Impairment charged/(write back) / losses recognised	**11,778**	(6,552)	**6,712**	(7,181)
Bad debt written off in the year	**-**	(244)	**-**	(244)
At 31 December	**476,206**	464,428	**453,512**	446,800

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

	Group		Company	
	2022	2021	**2022**	2021
18.4 Movement in the allowance for doubtful debts-other receivables				
At 1 January	**148,096**	377,000	**148,096**	359,574
Write off in the year	**-**	(207,884)	**-**	(207,884)
Impairment charged/(write back) / losses recognised	**69,766**	(21,020)	**51,527**	(3,594)
At 31 December	**217,862**	148,096	**199,623**	148,096

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18.5 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.

			Group		Company	
			2022	2021	**2022**	2021
			₦'000	₦'000	**₦'000**	₦'000
19. Related Parties						
19.1 Due from related parties						
Receivable from related parties			**52,432**	1,260	**82,531**	169,330
18.2 Due to related party						
Payable to related party:						
Biovaccines Nig. Ltd.	Shared costs	Joint venture	**10,161**	121,957	**207,052**	121,460

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

Related Parties	Nature of Transactions	Relationship	Group		Company	
			2022	2021	**2022**	2021
			₦'000	₦'000	**₦'000**	₦'000
Receivable from related parties:						
Osworth Trading Co. Ltd.	Shared costs	Subsidiary	**52,432**	-	**52,432**	140,804
Servisure Nig. Ltd.	Shared costs	Subsidiary	**-**	-	**19,920**	18,747
Tydipacks Nig. Ltd.	Shared costs	Subsidiary	**-**	-	**10,179**	8,519
Otsuka Nig Ltd	Shared costs	Proposed joint venture	**-**	1,260	**-**	1,260
Total receivable from related parties:			**52,432**	1,260	**82,531**	169,330
Payable to related party:						
Biovaccines Nig. Ltd.	Shared costs	Joint venture	**10,161**	121,460	**207,052**	121,460
Net related parties amount			**42,271**	(120,200)	**(124,521)**	47,869

	Group 2022 ₦'000	Group 2021 ₦'000	Company 2022 ₦'000	Company 2021 ₦'000
20. Other assets				
Advance payment to suppliers (Note 19.1)	**2,086,493**	4,511,626	**2,079,347**	4,472,091
Prepayments	**356,916**	421,132	**341,916**	418,481
FCMB Security deposit	**31,217**	18,843	**30,294**	18,843
Impairment allowance (Note 19.2)	**-**	(18,239)	**-**	-
	2,474,626	4,933,362	**2,451,557**	4,909,415

20.1 This represents deposit for approved Letters of Credits (LCs) to foreign suppliers.

20.2 This represents impairment allowance on other assets from Osworth Nigeria Limited

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	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
21. Cash and cash equivalent as per statement of financial position				
Cash in hand	**110**	1,504	**110**	66
Cash at bank	**673,875**	1,423,134	**631,761**	1,223,854
Short term placements	**2,232,812**	1,456,061	**2,232,812**	1,456,061
	2,906,797	2,880,699	**2,864,683**	2,679,981
21.1 Bank overdraft used for cash management	**(27,996)**	(131,070)	**(27,996)**	(131,070)
statement of cashflow	**2,878,801**	2,749,629	**2,836,687**	2,548,911

{a} Restricted cash

The short term deposits includes surplus funds and 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:

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
22 Ordinary shares				
1,725,234,886 ordinary shares of 50 kobo each	**862,617**	862,617	**862,617**	862,617

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

22.1.1 Minimum issued share capital for existing company – Section 124 of CAMA 2021

In line with the company's regulations of 2021 released by the Corporate Affairs Commission in December 2021, a company that has an unissued shares in its capital shall not later than 31 December 2022 fully issue such shares.

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
22.2 Share premium				
At 31 December	**3,012,065**	3,012,065	**3,012,065**	3,012,065
23. Retained earnings				
At 1 January	**2,988,790**	2,456,751	**2,876,515**	2,483,244
Profit for the year	**1,490,610**	1,049,609	**1,481,955**	910,841
Dividend declared and paid	**(517,570)**	(517,570)	**(517,570)**	(517,570)
At 31 December	**3,961,830**	2,988,790	**3,840,900**	2,876,515
23.1 This represent Osworth deferred tax adjustment in prior year now recognize				
23.2 All the profit of the Group is attributable to Owners of the Parents as there are no non-controlling interests.				
23.3 Asset revaluation reserve				
At 31 December	**408,144**	408,144	**408,144**	408,144
24. Loans and borrowings				
24.1 Secured amounts:				
Bank overdrafts (Note 23.3.1)	**27,996**	131,070	**27,996**	131,070
Current borrowing (Note23.3)	**3,235,680**	3,643,661	**3,235,680**	3,644,584
Non current borrowing (Note 23.3)	**2,322,768**	2,893,510	**2,322,768**	2,893,510
Total borrowed fund	**5,558,448**	6,537,171	**5,558,448**	6,538,094

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	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
24.2 All the borrowings were obtained in naira, the functional currency of the Group. The principal features of the Company's borrowings are described below:				
24.3 Analysis by maturity:				
Current-due within 1 year as follows:				
Bank overdrafts (Note 24.3.1)	**27,996**	131,070	**27,996**	131,070
Term loans - CBN Intervention fund (Note 24.3.2)	**665**	665	**665**	665
Short term import facility (Note 24.3.3)	**2,439,425**	3,165,703	**2,439,425**	3,166,626
Term loans - BOI Loan 1 (Note 24.3.4.1)	**137,865**	14,215	**137,865**	14,215
Term loans - CBN 1 B Loan 1 (Note 24.3.4.2)	**457,178**	53,099	**457,178**	53,099
Term loans - CBN 2.5 B Loan 2 (24.3.4.3)	**172,552**	278,909	**172,552**	278,909
Total current borrowed fund	**3,235,680**	3,643,661	**3,235,680**	3,644,584
Non-current-due after 1 year as follows:				
Term loans - BOI Loan 1 (Note 24.3.4.1)	**576,501**	624,034	**576,501**	624,034
Term loans - CBN 1 B Loan 1 (Note 24.3.4.2)	**482,466**	833,447	**482,466**	833,447
Term loans - CBN 2.5 B Loan 2 (24.3.4.3)	**1,263,801**	1,436,029	**1,263,801**	1,436,029
Total non-current borrowed fund	**2,322,768**	2,893,510	**2,322,768**	2,893,510
Total borrowed fund	**5,558,448**	6,537,171	**5,558,448**	6,538,094
24.5 Movement in borrowings other than overdraft				
At 1 January	**6,537,171**	4,151,450	**6,538,094**	4,195,703
(Repayment)/additional loans and borrowings	**(978,723)**	2,385,721	**(979,646)**	2,342,391
At 31 December	**5,558,448**	6,537,171	**5,558,448**	6,538,094

Summary of borrowing arrangements

24.3.1 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.

24.3.2 Term Loans - CBN Intervention Fund

The term loan has been completely repaid. However, closure letter has not been received from the bank and the balance was maintained for this reason.

24.3.3 Short term import facility

This represents Import Finance Facility (IFF) lines obtained from 3 Nigerian banks namely: Fidelity Bank Plc FCMB and Zenith bank Plc. The IFF with First Bank Plc is with Naira cover. The IFF is used to finance the establishment of LC's for the importation of raw materials, spares and machineries. The IFF tenor is 365 days with each Letter of Credit having a 180 day cycle at an average interest rate of 6% pre Neg and 8% post Neg per annum.

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24.3.4.1 CBN/BOI Industrial fund
This represent N850 million Industrial fund obtained from BOI. The loan is for he procurement of items of plant and machinery for the production of Pharmaceutical products (the project).The offer letter was amended from 7 June 2022 to 30 July 2022 with an interest rate of 5% until 31 March 2022 (The rate shall revert back to 9% as for 1 September 2022 until full repayment of the entire loan or any money outstanding). Tenor is 6 years inclusive of 12 months moratorium on principal repayment commencing from date of disbursement. Security is Bank Guaranty on the loan and accruing interest on a continuous basis by FCMB Ltd or any commercial bank acceptable to BOI

24.3.4.2 Central Bank of Nigeria (CBN) Loan 1
This represents N1 billion CBN Intervention Funds, via CBN DCRR, obtained though FCMB. The loan is to support the Company's proposed para plant FIIRO/NIPRD projects. The tenor is 5 years inclusive of 6 months moratorium on the principal repayment interest rate of 9% per annum (subject to review in line with CBN guideline). Facility repayment will be from the proceeds of the sales and borrower other business activities and any other source(s) available to the bank. Interest rate of 5% per annum and to matured on 31 March 2022. Thereafter, interest will revert to 9% per annum from 1 September 2022.

24.3.4.3 Central Bank of Nigeria (CBN) Loan 2
This represents N2.5 billion CBN Intervention Funds, obtained through Fidelity bank Plc. Utilisation is made up of N2 billion which is to be used to finance/expand Company new and existing project (Code name facility type 1). Tenor is 10 year with (1) year moratorium on principal repayment only, while N500million (codename facility type 2), is to be used to augment the company working capital requirement. Tenor is one year/365 days renewed for an extra year and have been fully repaid. Repayment is cash inflows from the Company's daily operations and other sources available to the Company and acceptable to the bank via amortisation on a quarterly basis and fund remitted to the CBN. Interest rate of 5% per annum and to matured on 31 August 2022. Thereafter, interest will revert to 9% per annum from 1 September 2022.

25. Post employment benefits
i. The Group operates a contributory pension scheme of 18% where both employer and employee contribute 11% and 7% respectively of the gross emolument. Also management put in place retirement benefit (Sweetener and this is discharged by monthly transfer to the Fund Manager (FBN Capital). However, this is for staff that have been in the employment of the company for a minimum of five (5) years and a long service grant is also in place and discharged annually.

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
25.1 Statement of financial position				
Defined benefit obligation schemes (Note 25.2)	**37,409**	40,506	**37,409**	40,506
25.2 Movement in benefit obligation scheme:				
At 1 January	**40,506**	43,944	**40,506**	43,944
Additional provision in the year	**17,579**	18,478	**17,184**	1,354
Benefits remitted/ paid	**(20,676)**	(21,916)	**(20,281)**	(4,792)
At 31 December	**37,409**	40,506	**37,409**	40,506

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	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
25.3 The present value of the liabilities of the scheme				
The amount included in the statement of financial position arising from the Group's obligation in respect of its defined benefit scheme is as follows:				
Post employment benefits	**37,409**	**40,506**	**37,409**	40,506

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.

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
26. Trade and other payables				
Trade payables (Note 26.1)	**1,139,958**	466,782	**1,057,740**	441,308
Other payables (Note 26.2)	**1,017,241**	1,281,611	**981,875**	1,163,943
	2,157,199	1,748,393	**2,039,615**	1,605,251

26.1 Trade creditors 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 Other payables:				
Accruals	**551,630**	921,620	**520,049**	811,584
National Housing Fund (Note 26.2.1)	**3,981**	2,599	**3,981**	2,599
Nigeria Social & Industrial Training Fund (Note 26.2.1)	**3,375**	3,350	**3,375**	3,350
Unclaimed dividends	**244,455**	207,304	**244,455**	207,304
Co-operative liabilities	**7,497**	6,772	**7,497**	6,772
Distributors Refundable Deposit	**341**	291	**341**	291
Value added tax liabilities (Note 26.2.1)	**46,081**	6,843.00	**43,687**	1,659
Withholding tax liabilities (Note 26.2.1)	**68,065**	40,828	**66,673**	38,380
Pay-As-You-Earn liabilities (Note 26.2.1)	**38,188**	45,968	**38,188**	45,968
Staff Welfare Liabilities	**22,377**	13,337	**22,377**	13,337
Union Dues	**1,187**	747	**1,187**	747
Defined contribution schemes	**30,064**	31,952	**30,064**	31,952
	1,017,241	1,281,611	**981,875**	1,163,943

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

26.2.1 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.

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
27. Deferred fair value gain on loan				
Deferred fair value gain	**566,426**	753,613	**566,426**	753,613
Analysis of deferred fair value gain on loan into:				
27.1 Current portion	**151,715**	196,842	**151,715**	196,842
27.2 Non current portion	**414,711**	556,771	**414,711**	556,771

27.1 These represent the benefit of CBN intervention loan at a below the market rate of interest measured at the difference between proceeds received and the fair value of the loan based on prevailing market interest rate. The day 1 gain has been recognised as deferred income that will be recognised in the profit or loss on a systematic basis over the tenure of the loan with re-measurement gain embedded in it. In the current year N18 million was released in the income statement to reduce the finance cost of the loan.

28. Guarantees and other financial commitments

Charges on asset

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

Capital expenditure

Capital expenditure authorised by the Directors but not contracted was Nil (Dec 2021 : Nil).
The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of the financial statements.

29. Contingent liabilities

The Company is subject to various claims and other liabilities from litigations and legal actions arising from the ordinary course of business. As at 31 December 2022, the contingent liabilities arising from pending legal claims due to various litigations amounted to N50.87 million (December 2021: N50.5 million). Based on legal advice, the Directors are of the opinion that the Company has a good defense against these claims, and that no material loss is anticipated to arise therefrom.

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.

Tydipacks Nigeria Limited- A Company incorporated in Nigeria on 17th December 2009 and engaged in healthcare and industrial packaging.

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Servisure Nigeria Limited- A Company incorporated in Nigeria on 14th December 2009 and engaged in the distribution and sales of healthcare and pharmaceutical products

Otsuka Nigeria Ltd- A proposed joint Venture between May and Baker Nigeria Plc and Otsuka Pharmaceutical co. Japan, which was projected to commence operations in 2022.
May and Baker Nigeria Plc is responsible for obtaining all required regulatory approvals for the joint venture and therefore maintains an inter-company account for all the expenses incurred". However, the Joint Venture has been suspended in the instance and agreement of both parties.

South Atlantic Petroleum (Sapetro) - 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 balance due to Biovaccines Nigeria Limited from 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 E. Danjuma	Non-executive Director
Mr Patrick Ajah	Executive Director
Mr. Okelu V. C.	Executive Director
Mr. Aboderin S. A.	Executive Director
Dr. Rahila Ilegbodu	Non-executive Director
Mr. D.O. Kolawole	Non-executive Director
Mrs. G. I. Odumodu	Non-executive Director
Dr. E. Abebe	Non-executive Director
Chief S. M. Onyishi	Non-executive Director
Mrs. G. N. Umoh	Head Human Capital Development
Mr. G. O Obiakor	Head Internal Control and Compliance
Mr. S. Ajalaye	Head Pharma, Plant Manufacturing Operation.

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.

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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 2021, the total invoices to and from the related parties are analysed below:

	Osworth Trading Co. Ltd. ₦'000	Servisure Nig. Ltd. ₦'000	Tydipacks Nig. Ltd. ₦'000	Otsuka Nig. Ltd.	Biovaccines Nig. Ltd. ₦'000	Total ₦'000
2022						
Group to the related parties	**-**	**-**	**-**	**-**	**4,571**	**4,571**
Related parties invoices to the Group	**52,432**	**19,920**	**10,179**	**-**	**207,052**	**289,583**
2021						
Group to the related parties	-	-	-	-	121,460	121,460
Related parties invoices to the Group	140,804	18,747	8,519	1,260	121,460	290,790

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	
	2022 ₦'000	2021 ₦'000	**2022 ₦'000**	2021 ₦'000
Directors remuneration				
Directors fees	**7,750**	7,750	**7,750**	7,750
Salaries and allowances	**120,208**	118,981	**120,208**	118,981
	127,958	126,731	**127,958**	126,731

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	The Group		The Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
29.6a Staff costs				
The aggregate employee remuneration is as follows:				
Salaries and wages	**937,653**	943,818	**918,654**	889,769
Staff pension and gratuity	**94,810**	89,948	**88,398**	84,948
	1,032,463	1,033,766	**1,007,052**	974,717

29.6b Employees remunerated at a higher rates

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

N		N	The Group 2022	The Group 2021	The Company 2022	The Company 2021
100,001	-	200,000	**1**	-	**1**	-
250,001	-	300,000	**-**	-	**-**	1
300,001	-	350,000	**-**	15	**-**	15
350,001	-	400,000	**-**	39	**-**	39
400,001	-	450,000	**27**	-	**27**	-
450,001	-	500,000	**24**	6	**24**	6
500,001	-	550,000	**3**	5	**3**	4
550,001	-	600,000	**-**	29	**-**	29
600,001	-	650,000	**-**	14	**-**	14
650,001	-	700,000	**15**	19	**6**	12
700,001	and above		**282**	227	**268**	211
			352	354	**329**	331

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

	The Group 2022	The Group 2021	The Company 2022	The Company 2021
Managerial	**23**	22	**23**	21
Senior staff	**189**	192	**166**	170
Junior staff	**140**	140	**140**	140
	352	354	**329**	331

30 Financial Instruments

30.1 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.

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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	
	2022	2021
	₦'000	₦'000
Gearing ratio		
The gearing ratio is as follows:		
Net debt		
Debt	5,558,448	6,537,171
Cash and cash equivalents	(2,906,797)	(2,880,699)
Net debt	2,651,651	3,656,472
Equity		
Ordinary shares	862,617	862,617
Share premium	3,012,065	3,012,065
Retained earnings	3,961,830	2,988,790
	7,836,512	6,863,472
Net debt to equity ratio	34%	53%

Debt is defined as current and non-current borrowings (as described in Note 23).
Equity includes all capital and reserves of the Group that are managed as capital.

30.2.1 Categories of financial instruments-Group

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

	Carrying amount				
	Amortised Cost	FVTPL	FVTOCI	Non-financial	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
31 December 2022					
Asset					
Property, plant and equipment	-	-	-	5,011,612	5,011,612
Intangible assets	-	-	-	11,315	11,315
Investment in Joint Venture	-	-	-	1,141,559	1,141,559
Inventories	-	-	-	5,342,018	5,342,018
Trade and other receivables	905,671	-	-	110,841	1,016,512
Other assets	-	-	-	2,474,626	2,474,626
Cash and cash equivalents	2,906,797	-	-	-	2,906,797
	3,812,468	-	-	14,091,971	17,904,439

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	Carrying amount			
	Amortised cost ₦'000	FVTPL ₦'000	Non-financial ₦'000	Total ₦'000
Liabilities				
Loans and borrowings	**5,558,448**	**-**	**-**	**5,558,448**
Deferred tax liabilities	**-**	**-**	**840,320**	**840,320**
Trade and other payables	**-**	**-**	**2,157,199**	**2,157,199**
Current tax liabilities	**-**	**-**	**542,991**	**542,991**
	5,558,448	**-**	**3,692,225**	**9,250,673**

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

	Carrying amount				
	Amortised Cost ₦'000	FVTPL ₦'000	FVTOCI ₦'000	Non-financial ₦'000	Total ₦'000
31 December 2021					
Asset					
Property, plant and equipment	-	-	-	3,860,715	3,860,715
Intangible assets	-	-	-	21,836	21,836
Investment in Joint Venture				1,167,124	1,167,124
Inventories	-	-	-	3,588,145	3,588,145
Trade and other receivables	1,049,638	-	-	115,750	1,165,388
Other assets	-	-	-	4,933,362	4,933,362
Cash and cash equivalents	2,880,699	-	-	-	2,880,699
	3,930,337	-	-	13,686,932	17,617,269

	Carrying amount			
	Amortised cost ₦'000	FVTPL ₦'000	Non-financial ₦'000	Total ₦'000
Liabilities				
Loans and borrowings	6,537,171	-	-	6,537,171
Deferred tax liabilities	-	-	784,980	784,980
Trade and other payables	-	-	1,748,393	1,748,393
Current tax liabilities	-	-	363,981	363,981
	6,537,171	-	2,897,354	9,434,525

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30.2b Categories of financial instruments-the Company

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

31 December 2022	Carrying amount				
	Amortised Cost ₦'000	FVTPL ₦'000	FVTOCI ₦'000	Non-financial ₦'000	Total ₦'000
Asset					
Property, plant and equipment	-	-	-	4,969,007	4,969,007
Intangible assets	-	-	-	11,110	11,110
Investment in subsidiaries	-	-	-	3,000	3,000
Investment in Joint Venture	-	-	-	1,326,886	1,326,886
Inventories	-	-	-	5,228,008	5,228,008
Trade and other receivables	858,520	-	-	89,646	948,166
Other assets	-	-	-	2,451,557	2,451,557
Cash and cash equivalents	2,864,683	-	-	-	2,864,683
	3,723,203	-	-	14,079,214	17,802,417

	Carrying amount			
	Amortised cost ₦'000	FVTPL ₦'000	Non-financial ₦'000	Total ₦'000
Liabilities				
Loans and borrowings	5,558,448	-	-	5,558,448
Deferred tax liabilities	-	-	833,721	833,721
Trade and other payables	-	-	2,039,615	2,039,615
Current tax liabilities	-	-	519,289	519,289
	5,558,448	-	3,544,340	9,102,788

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

31 December 2021	Carrying amount				
	Amortised Cost ₦'000	FVTPL ₦'000	FVTOCI ₦'000	Non-financial ₦'000	Total ₦'000
Asset					
Property, plant and equipment	-	-	-	3,833,151	3,833,151
Intangible assets	-	-	-	21,571	21,571
Investment in subsidiaries	-	-	-	3,000	3,000
Investment in Joint Venture	-	-	-	1,326,886	1,326,886
Inventories	-	-	-	3,351,580	3,351,580
Trade and other receivables	928,338	-	-	77,724	1,006,062
Other assets	-	-	-	4,909,415	4,909,415
Cash and cash equivalents	2,678,981	-	-	-	2,679,981
	3,607,319	-	-	13,523,327	17,131,646

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	Carrying amount			
	Amortised cost ₦'000	FVTPL ₦'000	Non-financial ₦'000	Total ₦'000
Liabilities				
Loans and borrowings	6,538,094	-	-	6,538,094
Deferred tax liabilities	-	-	781,300	781,300
Trade and other payables	-	-	1,605,251	1,605,251
Current tax liabilities	-	-	305,100	305,100
	6,538,094	-	2,691,651	9,229,745

30.3. 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.

30.4. Foreign currency risk management

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

	Group and Company	
	2022	2021
Exposure to foreign currency		
Bank account:		
- in US Dollars	**995,661**	105,355
- in Euros	**2,772**	6,751
- in GBP	**752**	752

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

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30.5. Credit risk management

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

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

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
Exposure to credit risk				
Trade receivables	**1,381,877**	1,514,066	**1,312,032**	1,375,138
Other receivables	**328,703**	263,847	**289,269**	225,821
Cash and cash equivalent	**2,906,797**	2,880,699	**2,864,683**	2,679,981
	4,617,377	4,658,612	**4,465,984**	4,280,940

30.5.1 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.

30.5.2 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.

30.5.3 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 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.

32. Maturity analysis of financial instruments

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

	0-6 months ₦'000	6 months to 1 year ₦'000	1 year and above ₦'000	Total ₦'000
Group				
2022				
Financial assets				
Trade receivables	**749,277**	**260,845**	**371,755**	**1,381,877**
Other receivables	**2,474,626**	**-**	**-**	**2,474,626**
Cash and cash equivalent	**2,906,797**	**-**	**-**	**2,906,797**
	6,130,700	**260,845**	**371,755**	**6,763,300**
Financial liabilities				
Trade payables	**1,139,958**	**-**	**-**	**1,139,958**
Other payables	**221,156**	**-**	**768,854**	**990,010**
Term loans	**3,207,684**	**-**	**2,322,768**	**5,530,452**
Bank overdrafts	**27,996**	**-**	**-**	**27,996**
	4,596,794	**-**	**3,091,622**	**7,688,416**
2021				
Financial assets				
Trade receivables	844,027	185,455	484,584	1,514,066
Other receivables	4,933,362	-	-	4,933,362
Cash and cash equivalent	2,880,699	-	-	2,880,699
	8,658,088	185,455	484,584	9,328,127
Financial liabilities				
Trade payables	466,782	-	-	466,782
Other payables	152,687	-	768,854	921,541
Term loans	3,512,591	-	2,893,510	6,406,101
Bank overdrafts	131,070	-	-	131,070
	4,263,130	-	3,662,364	7,925,494

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	0-6 months ₦'000	6 months to 1 year ₦'000	1 year and above ₦'000	Total ₦'000
Company				
2022				
Financial assets				
Trade receivables	**726,914**	**213,363**	**371,755**	**1,312,032**
Other receivables	**2,451,557**	**-**	**-**	**2,451,557**
Cash and cash equivalent	**2,864,683**	**-**	**-**	**2,864,683**
	6,043,154	**213,363**	**371,755**	**6,628,272**
Financial liabilities				
Trade payables	**1,057,740**	**-**	**-**	**1,057,740**
Other payables	**217,370**	**-**	**608,798**	**826,168**
Term loans	**3,235,454**	**-**	**2,322,768**	**5,558,222**
Bank overdrafts	**226**	**-**	**-**	**226**
	4,510,790	**-**	**2,931,566**	**7,442,356**
2021				
Financial assets				
Trade receivables	746,756	143,798	484,584	1,375,137
Other receivables	4,909,415	-	-	4,909,415
Cash and cash equivalent	2,679,981	-	-	2,679,981
	8,336,152	143,798	484,584	8,964,533
Financial liabilities				
Trade payables	441,308	-	-	441,308
Other payables	145,055	-	608,798	753,853
Term loans	3,644,358	-	2,893,510	6,537,868
Bank overdrafts	226	-	-	226
	4,230,947	-	3,502,308	7,733,255

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

33 Impact of Covid-19 on business operation

It is now over three years since the coronavirus outbreak was declared a global pandemic by WHO (World Health Organization). Since then, Nigeria has witnessed more than four different waves accompanied by Delta, Omicron Covid 19 Variants, etc. Nigeria however has received different batches of Covid 19 Vaccines since Feb. 2021. Nigerian economy has rebounded after that growing by 3.11% in 2022.

As a leading pharmaceutical company we are a strong player in the healthcare industry and classified as an essential services entity and as expected we are still fully operating our factory to bring out the products needed at this time to battle diseases including our immunity boosters, pain relievers and hand sanitizers.

Business Continuity and assessment Of Covid-19 Impact On Our Business

We have since activated our business continuity process and have put measures in place to ensure the safety of staffs. These include adoption of NCDC guidelines and social distancing work measures to ensure the safety of staffs. We have also invested in technology platforms to support remote work and virtual meetings. Furthermore, management has made an assessment of the pandemic impact on the Group and company’s ability to continue as a going concern as follows:

a. Revenue Assurance and Supply Chain:

Our business is healthcare and pharmaceutical manufacturing which puts us in a position of opportunity to bring out relevant quality products that people can use to manage the disease. We accessed the CBN healthcare intervention support facility in 2020 (₦2.5 billion at 5% interest up till 31st August 2023, thereafter 9%),We have also accessed CBN/BOI N850 loan at the same interest rate. We have added a new herbal plant and are currently in the process of expanding our beverage segment.

We have also included in our plans, fresh investment towards backward integration to secure direct production of needed packaging materials like bottles. We have also strengthened our distribution capacity with new sales depot, new machine and trucks. We continuously monitor our suppliers and price increases and take measures to respond proactively to defend our product margins.

b. Profitability

In the past 4 years, the business has maintained good profitability indices and we believe that we can maintain the trend. We are working at reducing cost of products through investments in backward integration along our supply chain. We are also taking advantage of all opportunities presented at this time including reduced cost of financing through the CBN Intervention funds while managing our overheads and administrative costs. We believe all these will help us to still pull through in delivering profitability for our shareholders as expected.

Considering the above, Management is confident that our going concern status remains strong currently and beyond.

34. Events after the reporting date

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 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

35. Major suppliers

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

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

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

The company is not related to any of its suppliers.

36. Comparative figures

Where necessary comparative figures have been reclassified to ensure proper disclosure and uniformity in the current year's presentation. This reclassification have no net impact on these financial statements.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Other National Disclosures

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF VALUE ADDED

	The Group				The Company			
	2022 ₦'000	%	2021 ₦'000	%	2022 ₦'000	%	2021 ₦'000	%
Revenue	**14,328,266**		11,901,583		**13,582,890**		11,038,948	
Other operating income	**488,309**		43,017		**485,406**		43,017	
Other gains and losses	**1,185,438**		-		**1,185,088**		-	
	16,002,013		11,944,600		**15,253,384**		11,081,965	
Bought-in-materials and services:								
- Imported	**(9,632,738)**		(6,906,843)		**(8,965,073)**		(6,337,894)	
- Local	**(2,750,552)**		(2,187,584)		**(2,750,552)**		(2,187,584)	
Value added	**3,618,723**	**100**	2,850,173	100	**3,537,759**	**100**	2,556,487	100
Applied as follows:								
To employees:								
Salaries, wages and other benefits	**1,032,463**	**29**	1,033,766	36	**1,007,052**	**28**	974,717	38
To Government:								
Income tax	**538,298**	**15**	408,009	14	**512,946**	**14**	320,030	13
To pay providers of capital:								
Finance income	**231,476**	**6**	59,432	2	**231,411**	**7**	59,138	2
Finance cost	**(286,034)**	**(8)**	(266,828)	(9)	**(285,532)**	**(8)**	(255,845)	(10)
To provide for maintenance of fixed assets:								
- Depreciation and amortization	**556,566**	**15**	563,426	20	**537,506**	**15**	544,027	21
- Deferred taxation	**55,344**	**2**	2,759	0	**52,421**	**1**	3,580	0
- Profit and loss account	**1,490,610**	**41**	1,049,609	37	**1,481,955**	**42**	910,840	36
Value added	**3,618,723**	**100**	2,850,173	100	**3,537,759**	**100**	2,556,487	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.

FIVE YEAR FINANCIAL SUMMARY - GROUP

31 DECEMBER

	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000 Restated	2018 ₦'000 Restated
Assets/liabilities					
Property, plant and equipment	**5,011,612**	3,860,715	3,938,656	3,504,599	3,651,101
Intangible assets	**11,315**	21,836	30,473	-	33,648
Right of use assets	**738**	3,688	-	-	-
Investment in Joint Venture	**1,141,559**	1,167,124	1,200,922	1,237,645	970,944
Deposit for investment	-	-	-	-	-
Net current assets	**5,694,639**	6,494,021	5,363,423	(102,208)	439,531
Non current liabilities	**(3,615,208)**	(4,275,767)	(3,793,897)	(1,022,630)	(1,805,717)
Net assets	**8,244,656**	7,271,617	6,739,577	3,617,405	3,289,506
Capital and reserves					
Share capital	**862,617**	862,617	862,617	490,000	490,000
Share premium	**3,012,065**	3,012,066	3,012,065	1,572,622	1,626,094
Retained earnings	**3,961,830**	2,988,790	2,456,751	1,554,783	1,173,412
Asset revaluation reserve	**408,144**	408,144	408,144	72,000	-
Shareholders fund	**8,244,656**	7,271,617	6,739,577	3,689,405	3,289,506
Statement of profit or loss and other comprehensive					
Turnover	**14,328,266**	11,901,583	9,390,196	8,552,163	8,056,961
Profit before taxation	**2,084,252**	1,460,377	1,248,326	817,913	861,145
Taxation	**(593,642)**	(410,768)	(283,762)	(475,226)	(234,757)
Profit after taxation	**1,490,610**	1,049,609	964,564	342,687	626,388
Per share data (kobo)					
Earnings- basic	**86.40**	60.84	24.75	24.75	63.92
Net assets	**477.89**	421.49	372.62	372.62	335.66

Notes:

Earnings per share are based on the profit 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	2022	2021	2020	2019	2018
	₦'000	₦'000	₦'000	₦'000	₦'000
				Restated	Restated
Assets/liabilities					
Property, plant and equipment	**4,969,007**	3,833,151	3,908,706	3,499,352	3,647,403
Intangible assets	**11,110**	21,571	30,474	-	33,648
Investment in subsidiaries	**3,000**	3,000	3,000	3,000	3,000
Right of use assets	**738**	3,688	-	-	-
Investment in Joint Venture	**1,326,886**	1,326,886	1,326,886	1,326,886	1,005,189
Deposit for investment	**-**	-	-	-	-
Net current assets	**5,421,594**	6,243,132	5,286,400	(101,480)	463,369
Non current liabilities	**(3,608,609)**	(4,272,087)	(3,789,396)	(1,019,746)	(1,803,656)
Net assets	**8,123,726**	7,159,341	6,766,070	3,708,012	3,348,953
Capital and reserves					
Share capital	**862,617**	862,617	862,617	490,000	490,000
Share premium	**3,012,065**	3,012,065	3,012,065	1,572,622	1,626,094
Retained earnings	**3,840,900**	2,876,515	2,483,244	1,645,390	1,232,859
Asset revaluation reserve	**408,144**	408,144	408,144	-	-
Shareholders' fund	**8,123,726**	7,159,341	6,766,070	3,708,012	3,348,953
Statement of profit or loss and other comprehensive					
Turnover	**13,582,890**	11,038,948	8,939,033	8,249,947	7,844,348
Profit before taxation	**2,047,322**	1,234,450	1,187,739	849,786	875,977
Taxation	**(565,367)**	(323,610)	(283,762)	(475,226)	(229,027)
Profit after taxation	**1,481,955**	910,840	903,977	374,560	646,950
Per share data (kobo)					
Earnings - basic	**85.90**	52.80	52.40	24.75	66.02
Net assets per share	**470.88**	414.98	392.18	214.93	194.12

Notes:

Earnings per share are based on the profit 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.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

MANAGEMENT INFORMATION:

Detailed profit or loss and other comprehensive income account

	Group		Company	
	2022	2021	2022	2021
	₦'000	₦'000	₦'000	₦'000
Costs of sales				
Direct material costs:				
Direct materials	**9,811,098**	7,607,929	**9,457,369**	7,225,182
Over head absorptions	**(1,086,488)**	(1,535,264)	**(1,086,488)**	(1,535,264)
Total Direct material costs	**8,724,610**	6,072,665	**8,370,881**	5,689,918
Direct labour costs:				
Salaries and allowances	**225,566**	214,277	**225,566**	214,277
Contributions to pension fund scheme	**21,505**	19,119	**21,505**	19,119
Staff gratuity expenses	**4,564**	4,358	**4,564**	4,358
Medical expenses	**1,597**	5,305	**1,597**	5,305
Contract manpower	**125,539**	111,691	**125,539**	111,691
Factory canteen and other staff expenses	**71,149**	71,712	**71,149**	71,712
Total direct labour costs	**449,920**	426,462	**449,920**	426,462
Direct expenses:				
Depreciation expenses	**233,907**	383,721	**233,907**	383,721
Repairs and maintenance	**174,941**	145,024	**174,941**	145,024
Fuel, diesel and utility expenses	**615,931**	374,239	**615,931**	374,239
Other production direct expenses	**93,679**	(306,938)	**93,679**	(303,177)
Total direct expenses	**1,118,458**	596,046	**1,118,458**	599,807
Factory overhead expenses:				
Registration and licences expenses	**11,241**	13,027	**11,241**	13,027
Research and Development expenses	**4,080**	24	**4,080**	24
Insurance expenses	**21,732**	10,972	**21,732**	10,972
Travelling expenses	**53,760**	58,723	**53,760**	58,723
Subscription, business registration and dues	**-**	-	**-**	-
Stationeries expenses	**980**	344	**980**	344
Laboratory and other factory expenses	**68,204**	24,708	**68,204**	24,708
Total factory overhead expenses	**159,997**	107,798	**159,997**	107,798
Total costs of sales	**10,452,985**	7,202,971	**10,099,256**	6,823,985

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

MANAGEMENT INFORMATION:

Detailed profit or loss and other comprehensive income account

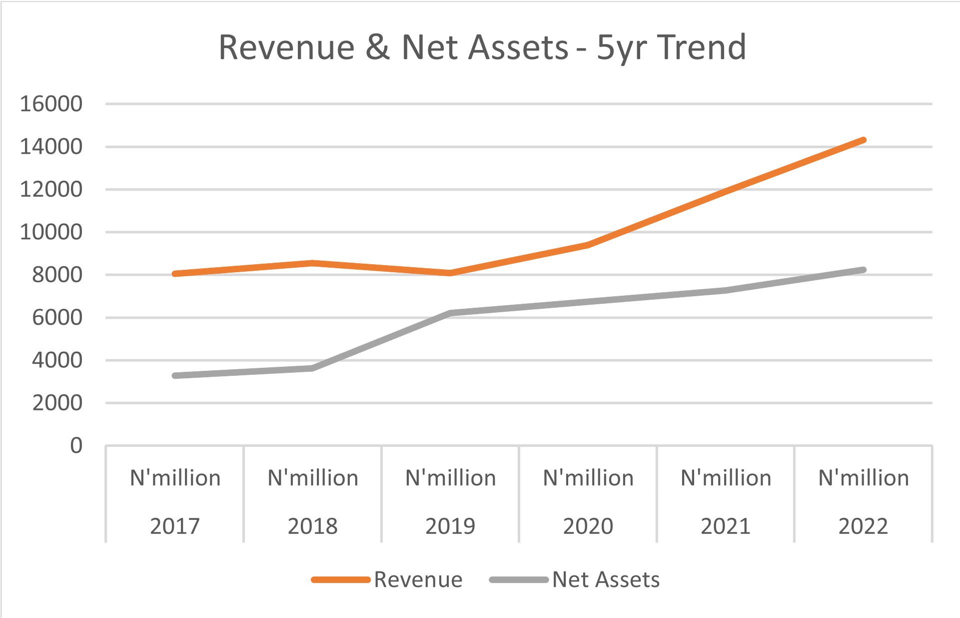
	Group			
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
Administrative expenses				
Salaries and allowances	**252,751**	237,312	**235,247**	224,338
Contributions to pension fund scheme	**30,942**	30,014	**29,485**	28,187
Staff employee benefit	**6,844**	5,148	**6,449**	4,806
Training, recruitment and canteen expense:	**40,197**	20,711	**39,431**	20,216
Medical expenses	**36,093**	25,627	**35,935**	25,267
Contract staff and other welfare expenses	**91,329**	86,502	**89,891**	80,693
Depreciation expenses	**96,029**	96,856	**92,434**	93,809
Repairs and maintenances	**60,296**	41,612	**57,843**	40,191
Local and Foreign transport expenses	**73,654**	89,615	**73,070**	86,074
Fuel expenses	**11,696**	7,903	**11,696**	7,903
Insurance expenses	**44,402**	30,694	**37,647**	27,995
Licensing/registration	**43,224**	19,945	**35,659**	14,509
Director's emolument and expenses	**120,208**	118,981	**120,208**	118,981
Director's fees	**7,750**	7,750	**7,750**	7,750
Advert and publicity	**4,105**	5,922	**4,105**	5,922
Public relation and social responsibilities	**7,531**	3,716	**7,331**	3,716
Subscription and dues	**7,657**	19,802	**7,657**	19,802
Audit fees	**13,355**	13,969	**11,500**	11,500
Legal and professional charges	**55,457**	23,429	**46,217**	19,264
Printing and stationery	**12,695**	12,529	**11,739**	12,084
Security expenses	**29,148**	27,120	**29,148**	27,120
Telephone and postages expenses	**12,539**	7,227	**11,528**	6,397
Obsolete stock written off	**919**	40	-	-
Company Secretary and AGM expenses	**14,105**	10,644	**14,105**	10,644
Administrative and management expense	**28,542**	25,573	**28,542**	25,573
Stamp duty	**2,817**	-	**2,817**	-
Bank charges and commissions	**37,230**	17,419	**21,952**	17,419
Electricity and generator expenses	**26,732**	9,263	**26,731**	9,263
Exchange loss	-	141,017	**-**	142,196
Loss on sales of assets	**-**	996	**-**	1,225
IT Expenses	**44,584**	32,960	**44,584**	32,960
Office and quarters expenses	**22,586**	57,827	**12,118**	31,391
	1,235,417	1,228,123	**1,152,819**	1,157,195

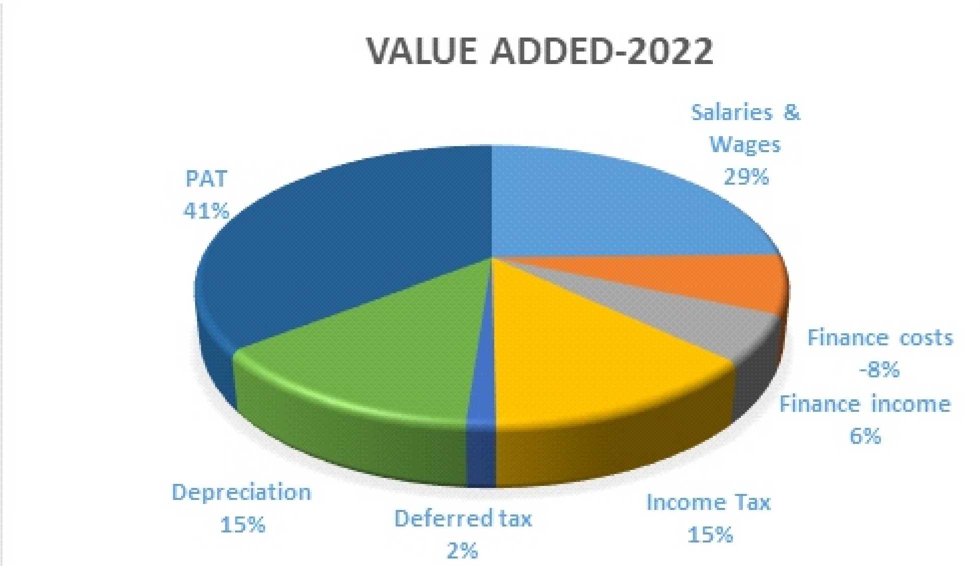
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

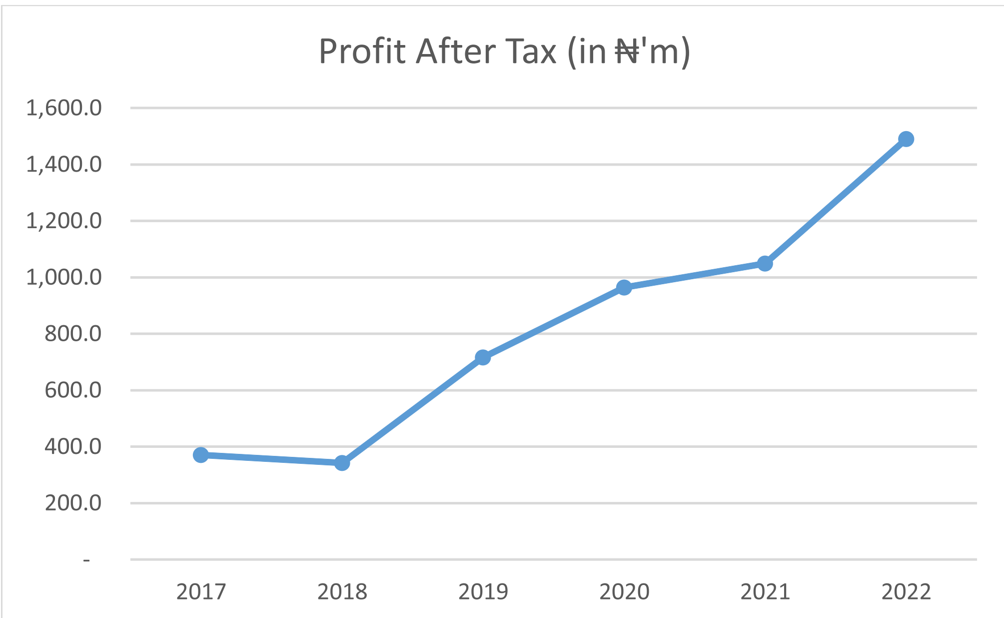
MANAGEMENT INFORMATION:

Detailed profit or loss and other comprehensive income account

	Group		Company	
	2022	2021	**2022**	2021
	₦'000	₦'000	**₦'000**	₦'000
Distribution, Sales and marketing expenses				
Salaries and allowances	**320,418**	297,205	**281,703**	263,416
Contributions to pension fund scheme	**24,784**	22,337	**20,224**	19,505
Employee benefits	**6,171**	8,972	**6,171**	8,972
Training, recruitment and canteen expenses	**61,022**	18,270	**61,022**	18,270
Medical expenses	**1,629**	2,117	**1,629**	2,117
Rent and other expenses	**32,860**	41,797	**32,130**	41,175
Depreciation expenses	**236,627**	111,166	**221,624**	94,778
Repairs and maintenances	**102,756**	92,322	**98,126**	90,405
Fuel, transport and traveling expenses	**308,659**	205,971	**308,659**	205,971
Advert and publicity	**328,513**	320,748	**183,264**	320,748
Research and Development expenses	**21,085**	9,376	**21,085**	9,376
Incentives and promotion	**345,709**	331,294	**345,709**	331,294
Impairment on trade and other receivable	**29,825**	629	**24,665**	-
Marketing expenses	**141,481**	165,670	**107,450**	80,005
Depot expenses	**44,113**	68,813	**44,113**	68,344
Sampling expenses/free issues	**23,784**	19,518	**23,784**	19,518
Telephone and postages	**8,911**	10,383	**8,911**	10,383
Sales Reps fixed expenses	**26,959**	31,766	**26,959**	31,768
Outsourcing and other staff expenses	**83,930**	53,583	**82,638**	53,583
	2,149,236	1,811,937	**1,899,866**	1,669,628


Revenue & Net Assets - 5yr Trend
16000
14000
12000
10000
8000
6000
4000
2000
0
N'million 2017
N'million 2018
N'million 2019
N'million 2020
N'million 2021
N'million 2022
Revenue
Net Assets


VALUE ADDED-2022
Salaries & Wages 29%
PAT 41%
Finance costs -8%
Finance income 6%
Depreciation 15%
Deferred tax 2%
Income Tax 15%


Profit After Tax (in ₦'m)
1,600.0
1,400.0
1,200.0
1,000.0
800.0
600.0
400.0
200.0
-
2017
2018
2019
2020
2021
2022

INCORPORATION AND SHARE CAPITAL HISTORY

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

As at 31st December 2021, the company had Authorised share capital of N3,000,000,000 and a paid up capital of N862,617,443. The initial share capital on incorporation and subsequent changes therein are as follows:-

Date	Authorised (N)	Cumulative	Issued & Fully / Paid-up	Cumulative	CASH/BONUS
	Increase		Increase (N)		
1944	-	50,000	-	10,000	cash
1971	450,000	500,000	-	10,000	
1972	-	500,000	340,000	350,000	Bonus (1for4)+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 (1for1)
1977	1,000,000	2,700,000	584,000	1,752,000	Bonus (1for2)
1981	-	2,700,000	873,000	2,625,000	cash
1984	-	3,500,000	656,250	3,281,250	Bonus (1for4)
1985	1,500,000	5,000,000	1,640,625	4,921,875	Bonus (1for2)
1989	5,000,000	10,000,000	2,460,937.5	7,382,813	Bonus (1for2)
1990	10,000,000	20,000,000	6,328,125	13,710,938	Bonus (1for7)
1992	30,000,000	50,000,000	1,371,093.5	15,082,031	Bonus (1for10)
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 (1for3)
2004	100,000,000	200,000,000	10,858,988	108,589,875	Bonus (1for5)
2005	150,000,000	350,000,000	230,551,137	350,000,000	Bonus (1for10)
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 (2for5)
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	
2020	-	3,000,000,000	-	862,617,443	
2021	-	3,000,000,000	-	862,617,443	
2022	*(1,274,765,114)	1,725,234,886	-	862,617,443	*Share cancellation

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+Myocardial infarction by 22%

The Heart Outcomes Prevention Evaluation Study Investigators. Effects of an angiotensin-converting-enzyme inhibitor, Ramipril, on death from cardiovascular causes, myocardial infarction and stroke in high-risk patients. New Engl J Med 2000;342: 145-153

M&B

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 has been uploaded on our website and is accessible at www.may-baker.com and will also be available at the AGM venue

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

E-mail: enquiry@veritasregistrars.com
Website: 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

First Name:

Middle Name:

Address:

Mobile No:

E-mail Address:

Vertas Registrars Shareholders Account No:

Bank Name:

Bank Branch:

Account No:

Account Type:

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

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- **Proxy Card**

ANNUAL GENERAL MEETING

To be held at the Muson Centre, Onikan,
Lagos on Thursday, 1st June, 2023 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, 1st June, 2023.

Dated …................. day of........................... 2023

Shareholder's Signature ....

Number of shares held		
RESOLUTIONS	***FOR***	***AGAINST***
To declare a dividend.		
To elect Dr. (Mrs.) Rahila Ilegbodu		
To re-elect Mrs. G.I. Odumodu		
To re-elect Chief S.M. Onyishi		
To fix the remuneration of Directors.		
To authorise the Directors to fix the remuneration of the external Auditors.		
To elect members of the Audit Committee.		
To alter the Memorandum and Articles of Association to reflect the new share capital of the Company as ₦862,617,443 divided into 1,725,234,886 ordinary shares of 50 kobo each.		

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, 1ST JUNE, 2023 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.

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