

MAY AND BAKER NIGERIA PLC

**CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS
31 DECEMBER 2021**

MAY AND BAKER PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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MAY AND BAKER NIGERIA PLC

CORPORATE INFORMATION

NATURE OF BUSINESS: PHARMACEUTICAL AND HEALTHCARE

BOARD OF DIRECTORS:

Senator D. E. Danjuma	-	Chairman
Mr. P.O. Ajah	-	Managing Director
Mr. I. Dankaro	-	Non-Executive
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

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

REGISTRATION NO.: 558

REGISTERED OFFICE: 3/5 Sapara Street, Ikeja, Lagos.

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

Free Float Computation

Company Name: May & Baker Nigeria Plc
 Board Listed : Main Board
 Year End: December
 Reporting Period: Quarter 4 Ended 31 December 2021
 Share Price at end of reporting period: N4.02k (2020: N3.51K)

Shareholding Structure /Free Float Status

Description	31-Dec-21		31-Dec-20		
	Unit	Percentage	Unit	Percentage	
Issued Share Capital	1,725,234,886	100.00%	1,725,234,886	100%	
Substantial Shareholdings (5% and above)					
T.Y.Holdings	720,878,543	41.78%	720,878,543	41.78%	
Onyishi Maduka samuel	257,264,668	14.91%	257,264,668	14.91%	
Total Substantial Shareholdings	978,143,211	56.70%	978,143,211	56.70%	
Directors' Shareholdings (direct and indirect), excluding directors with substantial interest					
Senator Daisy Danjuma (Indirect)	Representing Oil Tech Nigeria Ltd	14,874,759	0.86%	14,874,759	0.86%
	Representing Osis Yukiv Ltd Oil Tech Nigeria Ltd)	11,088,000	0.64%	11,088,000	0.64%
Mr. Patrick Ajah		-	-	-	0.00%
Okafor N.N (Direct)		-	-	14,511,330	0.84%
Dr. E. Abebe (Direct)		-	-	-	-
Mr. Adeleke A.A (Direct)		-	-	5,348	0.00031%
Durojaiye Kolawole Olalekan		139,570	0.00809%	-	-
Mr. I. Dankaro (Indirect)	Representing Estate of Dankaro David	16,558,831	0.96%	16,558,831	0.96%
	Representing Maydav Multi Resources Ltd	45,073,864	2.61%	45,073,864	2.61%
Mrs G.I Odumodu (Indirect)	Representing Seravac Nigeria Ltd	54,134,958	3.14%	54,134,958	3.14%
	Representing J.I. Odumodu	3,617,198	0.21%	3,617,198	0.21%
V.C. Okelu		1,591,862	0.09%	1,591,862	0.09%
C.S. Chukuka		1,007,168	0.06%	1,007,168	0.06%
Aboderin A.S		93,500	0.01%	93,500	0.01%
Other Directors' Shareholdings		148,179,710	8.59%	162,556,818	9.42%
Total Directors' Shareholdings		1,126,322,921	65.29%	1,140,700,029	66.12%
Free Float in Units and Percentage		598,911,965	34.71%	584,534,857	33.88%
Free Float in Value (N)		2,407,626,099.30		2,051,717,348.07	

Declaration:

May & Baker Nigeria Plc with a free float percentage of 34.71% as at 31st December, 2021, is compliant with The Exchnage's free float requirements for companies listed on the Main Board.

MAY AND BAKER PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors accept responsibility for the preparation of the accompanying consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in accordance with the International Financial Reporting Standards; in compliance with the Financial Reporting Council Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, 2020.

The Directors are of the opinion that the accompanying consolidated financial statements give a true and fair view of the state of the financial affairs of the Company, in accordance with the International Financial Reporting of Standards; in compliance with the Financial Reporting Council of Nigeria Act. No 6, 2011 and in manner required by Companies and Allied Matters Act, 2020.

The Directors further accept responsibility for the maintenance of adequate accounting records as required by the Companies and Allied Matters Act, 2020 and for such internal controls as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements whether due to fraud or error.

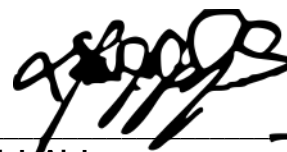
The consolidated financial statements have been prepared on a going concern basis. The Directors have made assessment of the company's ability to continue as a going concern and have no reason to believe that the company will not remain a going concern at least 12 months from the date on this consolidated financial statements..

Signed on behalf of the Board of Directors by:



Daisy Danjuma
Chairman
FRC/2020/003/00000020890

Dated: 24 March 2022



Patrick Ajah
Managing Director
FRC/2021/003/00000023215

Dated: 24 March 2022

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 2021, 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 2021, 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.

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 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The audit matters below relate to the audit of the consolidated financial statements.

Key audit matters	How the matter was addressed in the audit
<p>a) Information technology (IT) systems and control over financial reporting</p> <p>A significant part of the Group's financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes of controls is ensuring appropriate user process and change management protocols exist, and are being adhered to.</p> <p>These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. The Group 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 GEM Consultants provide service for major functions.</p> <p>In the event that the IT system fails, business operations will be disrupted/hampered until systems are online.</p> <p>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.</p>	<p>We focused our audit on those IT systems and controls that are significant for the Company financial reporting process.</p> <p>As audit procedures over IT systems and controls require specific expertise, we involved IT specialist in our audit.</p> <p>We assessed and tested the design and operating effectiveness of the Company's IT controls, including those over users access and change management as well as date reliability.</p> <p>In a limited number of cases, we adjusted our planned audit approach as follows:</p> <ul style="list-style-type: none"> • 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.
<p>b) Impairment allowance for trade and other receivables</p> <p>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.</p>	<p>We focused our testing of impairment of trade and other receivables on the assumptions made by management. Our audit procedures included:</p> <ul style="list-style-type: none"> • 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 the impairment model and the related assumptions used by management taking into account our understanding of client's business and the reasonableness of the assumptions used.

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

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.

- 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 control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance 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 has kept proper books of account, so far as it appears from our examination of those books.
- iii) The Company's statement of financial position and 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: 24 March 2022



MAY AND BAKER NIGERIA PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	The Group		The Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Continuing operations					
Revenue	5.1	11,901,583	9,390,196	11,038,948	8,939,033
Cost of sales	5.2	<u>(7,202,971)</u>	<u>(5,608,424)</u>	<u>(6,823,985)</u>	<u>(5,414,413)</u>
Gross profit		4,698,612	3,781,772	4,214,963	3,524,620
Other operating income	6	43,017	45,676	43,017	44,881
Distribution, sales and marketing expenses	7	<u>(1,811,937)</u>	<u>(1,452,095)</u>	<u>(1,669,628)</u>	<u>(1,344,748)</u>
Administrative expenses	7.1	<u>(1,228,123)</u>	<u>(967,922)</u>	<u>(1,157,195)</u>	<u>(901,830)</u>
Operating profit		1,701,569	1,407,431	1,431,157	1,322,923
Net finance costs	8	<u>(207,394)</u>	<u>(135,047)</u>	<u>(196,707)</u>	<u>(135,184)</u>
Share of loss in joint ventures	15.2	<u>(33,798)</u>	<u>(24,058)</u>	<u>-</u>	<u>-</u>
Profit before income tax		1,460,377	1,248,326	1,234,450	1,187,739
Income tax expense	9	<u>(410,768)</u>	<u>(283,762)</u>	<u>(323,610)</u>	<u>(283,762)</u>
Profit from continuing operations		1,049,609	964,564	910,840	903,977
Attributable to:					
Equity shareholders		<u>1,049,609</u>	<u>964,564</u>	<u>910,840</u>	<u>903,977</u>
Other Comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Total comprehensive income for the year		1,049,609	964,564	910,840	903,977
Attributable to:					
Equity shareholders		1,049,609	964,564	910,840	903,977
Basic and diluted earnings per share (Kobo) - From continuing operations	10	60.84	55.91	52.80	52.40

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

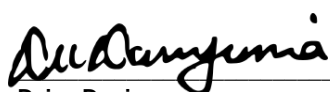
The accompanying explanatory notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

MAY AND BAKER NIGERIA PLC

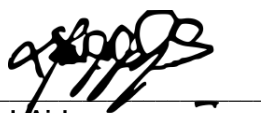
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2021

	Notes	The Group		The Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Assets					
Non current assets					
Property, plant and equipment	12	3,860,715	3,938,657	3,833,151	3,908,706
Intangible assets	13	21,836	30,474	21,571	30,474
Right of use assets	14	3,688	-	3,688	-
Investment in subsidiaries	14	-	-	3,000	3,000
Investment in Joint Venture	15	1,167,124	1,200,922	1,326,886	1,326,886
		<u>5,053,363</u>	<u>5,170,053</u>	<u>5,188,296</u>	<u>5,269,066</u>
Current assets					
Inventories	16	3,588,145	2,439,581	3,351,580	2,345,677
Trade and other receivables	17	1,165,389	1,367,529	1,006,063	1,267,575
Other assets	19	4,933,362	1,404,824	4,909,415	1,401,113
Due from related party	18.1	1,260	-	169,330	213,028
Cash and cash equivalents	20	2,880,699	3,971,438	2,679,981	3,825,500
		<u>12,568,855</u>	<u>9,183,372</u>	<u>12,116,369</u>	<u>9,052,893</u>
Total assets		<u><u>17,622,218</u></u>	<u><u>14,353,425</u></u>	<u><u>17,304,665</u></u>	<u><u>14,321,959</u></u>
Equity and liabilities					
Ordinary shares	21.1	862,617	862,617	862,617	862,617
Share premium	21.2	3,012,065	3,012,065	3,012,065	3,012,065
Retained earnings	22	2,988,790	2,456,751	2,876,515	2,483,244
Asset revaluation reserve	22.2	408,144	408,144	408,144	408,144
		<u>7,271,616</u>	<u>6,739,577</u>	<u>7,159,341</u>	<u>6,766,070</u>
Non-current liabilities					
Loans and borrowings	23.3	2,893,510	2,507,283	2,893,510	2,507,283
Post employment benefits	24.1	40,506	43,944	40,506	43,944
Deferred tax liabilities	9.3	784,980	782,221	781,300	777,720
Deferred fair value gain on loan	26.1	556,771	460,449	556,771	460,449
		<u>4,275,767</u>	<u>3,793,897</u>	<u>4,272,087</u>	<u>3,789,396</u>
Current liabilities					
Loans and borrowings	23.3	3,643,661	1,644,167	3,644,584	1,688,420
Trade and other payables	25	1,748,393	1,344,584	1,605,251	1,246,908
Due to related party	18.2	121,957	222,235	121,460	222,235
Current tax liabilities	9.2	363,981	478,593	305,100	478,558
Deferred fair value gain on loan	26.2	196,842	130,372	196,842	130,372
		<u>6,074,834</u>	<u>3,819,950</u>	<u>5,873,237</u>	<u>3,766,493</u>
Total liabilities		<u><u>10,350,601</u></u>	<u><u>7,613,848</u></u>	<u><u>10,145,324</u></u>	<u><u>7,555,889</u></u>
Total equity and liabilities		<u><u>17,622,218</u></u>	<u><u>14,353,425</u></u>	<u><u>17,304,665</u></u>	<u><u>14,321,959</u></u>

These consolidated financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 24 March 2022.



Daisy Danjuma
Chairman
FRC/2020/003/00000020890



Patrick Ajah
Managing Director
FRC/2021/003/00000023215



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

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

MAY AND BAKER NIGERIA PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital N'000	Share premium N'000	Retained earnings N'000	Asset revaluation reserve N'000	Total N'000
Equity attributable to equity holders - the Group					
At 1 January 2020	<u>862,617</u>	<u>3,012,065</u>	<u>1,925,864</u>	<u>408,144</u>	<u>6,208,690</u>
Changes in equity for 2020:					
Profit for the year	-	-	964,564	-	964,564
Adjustment on deferred tax	-	-	(2,368)	-	(2,368)
Right issue in the year	-	-	-	-	-
Dividend declared and paid	-	-	(431,309)	-	(431,309)
	<u>-</u>	<u>-</u>	<u>530,887</u>	<u>-</u>	<u>530,887</u>
At 31 December 2020	<u>862,617</u>	<u>3,012,065</u>	<u>2,456,751</u>	<u>408,144</u>	<u>6,739,577</u>
At 1 January 2021	<u>862,617</u>	<u>3,012,065</u>	<u>2,456,751</u>	<u>408,144</u>	<u>6,739,577</u>
Changes in equity for 2021:					
Profit for the year	-	-	1,049,609	-	1,049,609
Dividend declared and paid	-	-	(517,570)	-	(517,570)
	<u>-</u>	<u>-</u>	<u>532,039</u>	<u>-</u>	<u>532,039</u>
At 31 December 2021	<u>862,617</u>	<u>3,012,065</u>	<u>2,988,790</u>	<u>408,144</u>	<u>7,271,616</u>
Equity attributable to equity holders - the Company					
At 1 January 2020	<u>862,617</u>	<u>3,012,065</u>	<u>2,010,576</u>	<u>408,144</u>	<u>6,293,402</u>
Changes in equity for 2020:					
Profit for the year	-	-	903,977	-	903,977
Dividend declared and paid	-	-	(431,309)	-	(431,309)
	<u>-</u>	<u>-</u>	<u>472,668</u>	<u>-</u>	<u>472,668</u>
At 31 December 2020	<u>862,617</u>	<u>3,012,065</u>	<u>2,483,244</u>	<u>408,144</u>	<u>6,766,070</u>
At 1 January 2021	<u>862,617</u>	<u>3,012,065</u>	<u>2,483,244</u>	<u>408,144</u>	<u>6,766,070</u>
Changes in equity for 2021:					
Profit for the year	-	-	910,840	-	910,840
Dividend declared and paid	-	-	(517,569)	-	(517,569)
	<u>-</u>	<u>-</u>	<u>393,271</u>	<u>-</u>	<u>393,271</u>
At 31 December 2021	<u>862,617</u>	<u>3,012,065</u>	<u>2,876,514</u>	<u>408,144</u>	<u>7,159,341</u>

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

MAY AND BAKER NIGERIA PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	The Group		The Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Cash flows from operating activities					
Profit for the year		1,049,609	964,564	910,840	903,977
Adjustment for:					
Depreciation expenses	13	563,426	546,624	544,027	533,216
Amortisation of intangible assets	13	10,419	10,158	10,419	10,158
Share of loss in joint ventures	16.9	33,798	24,058	-	-
Net Finance costs	8	207,394	135,047	196,707	135,184
Employment benefit charged	24.2	18,478	13,027	1,354	12,442
Income tax expense	9	408,009	479,569	320,030	479,569
Loss/profit on disposal of property, plant and equipment	6.4	(795)	(7,750)	1,225	(6,160)
Impairment on trade and other receivable	18	(27,572)	139,843	(10,775)	137,937
		<u>2,262,767</u>	<u>2,305,140</u>	<u>1,973,828</u>	<u>2,206,323</u>
Changes in:					
Increase in Inventories	17	(1,148,567)	(848,517)	(1,005,906)	(901,708)
Decrease in trade and other receivables	18	229,713	104,825	272,288	128,060
Increase in other assets	19	(3,528,538)	(1,075,143)	(3,508,303)	(1,073,354)
(Increase)/decrease in due from related party		(1,260)	-	43,698	(22,563)
Right of use of assets		(3,688)	-	(3,688)	-
Increase/(decrease) in trade and other payables	25	359,858	(68,403)	314,392	(62,828)
Decrease in due to related party		(100,278)	(3,730)	(100,775)	(3,730)
Deferred fair value gain	26	162,792	590,822	162,791	590,821
Increase/(decrease) in deferred tax		2,759	(194,310)	3,580	(195,807)
		<u>(1,764,441)</u>	<u>810,684</u>	<u>(1,848,094)</u>	<u>665,214</u>
Cash generated from operating activities					
Tax paid	9.4	(522,621)	(142,024)	(493,488)	(142,059)
Employee benefit paid	24.2	(21,916)	(18,430)	(4,792)	(17,690)
		<u>(2,308,978)</u>	<u>650,230</u>	<u>(2,346,374)</u>	<u>505,465</u>
Net cash (used in)/from operating activities					
Cash flows from investing activities:					
Purchase of property, plant and equipment	14	(538,958)	(324,223)	(521,753)	(298,066)
Purchase of intangible		(1,781)	-	(1,516)	-
Proceeds on sale of property plant and equipment		54,268	12,267	52,056	10,677
		<u>(486,471)</u>	<u>(311,956)</u>	<u>(471,213)</u>	<u>(287,389)</u>
Net cash used in investing activities					
Cash flows from financing activities:					
Repayment of loans and borrowings other than overdraft	23.3	(502,500)	(52,261)	(502,500)	(52,261)
Additions to Import Finance Facility	23.3	1,907,378	832,233	1,864,048	876,486
Additions to term loans		850,000	2,892,233	850,000	2,892,234
Unclaimed dividend received		43,951	-	43,951	-
Dividend paid	22	(517,570)	(431,309)	(517,569)	(431,309)
Net finance costs	8	(207,394)	(135,047)	(196,707)	(135,184)
		<u>1,573,865</u>	<u>3,105,849</u>	<u>1,541,223</u>	<u>3,149,966</u>
Net cash from financing activities					
Net (decrease)/increase in cash and cash equivalents					
		<u>(1,221,584)</u>	<u>3,444,123</u>	<u>(1,276,364)</u>	<u>3,368,040</u>
Cash and cash equivalents at 1 January		3,971,212	527,089	3,825,274	457,234
		<u>2,749,628</u>	<u>3,971,212</u>	<u>2,548,910</u>	<u>3,825,274</u>
Cash and cash equivalents at 31 December					
Reconciliation of cash and bank balances to cash and cash equivalents					
Cash and bank balance		2,880,699	3,971,438	2,679,981	3,825,500
Bank overdrafts and commercial papers		(131,070)	(226)	(131,070)	(226)
		<u>2,749,629</u>	<u>3,971,212</u>	<u>2,548,911</u>	<u>3,825,274</u>

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

MAY AND BAKER NIGERIA PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

MAY AND BAKER NIGERIA PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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 2021

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 2021

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 2020 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 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, 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.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 policyholders' options and guarantees.

In June 2020, 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.

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

MAY AND BAKER NIGERIA PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 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.

MAY AND BAKER NIGERIA PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

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

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

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

MAY AND BAKER NIGERIA PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3.4 Revenue recognition

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

a) Sale of goods

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

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

b) Interest income

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

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;

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- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

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

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

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

3.7 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.

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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.

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).

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

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

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

Class	Useful life (range)
Buildings	50 years
Plant, machinery and fittings	10 - 5 years
Office equipment and furniture	10 - 4 years
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.

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.

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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 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.

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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.

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."

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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.

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4.1.2 Indefinite useful life of intangible assets

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

4.2 Key sources of estimation uncertainty

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

4.2.1 Useful life of property, plant and equipment

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.

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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	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
The Group's revenue comprises sale of goods as analysed below:				
Pharmaceuticals	11,868,092	9,320,452	11,005,457	8,869,289
Beverage	33,491	69,744	33,491	69,744
Total revenue	11,901,583	9,390,196	11,038,948	8,939,033
5.2 Costs of sales				
Total direct material costs	6,072,665	4,446,697	5,689,918	4,252,686
Total direct labour costs	426,462	395,517	426,462	395,517
Total direct expenses	596,046	643,991	599,807	643,991
Total factory overhead expenses	107,798	122,219	107,798	122,219
Total costs of sales	7,202,971	5,608,424	6,823,985	5,414,413
Gross profit	4,698,612	3,781,772	4,214,963	3,524,620
Gross margin	39%	40%	38%	39%

5.3 Segment Information

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

- i **Pharmaceuticals** - This segment is involved in the production and sale of human pharmaceuticals.
- ii **Beverage** - This segment is involved in the production of bottled water.

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	The Group		The Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
5.3.1 Segment revenue				
Pharmaceuticals	11,868,092	9,320,452	11,005,457	8,869,289
Beverage	33,491	69,744	33,491	69,744
	<u>11,901,583</u>	<u>9,390,196</u>	<u>11,038,948</u>	<u>8,939,033</u>
5.3.1.1 Segment revenue reported above represents revenue generated from external customers.				
5.3.2 Segment profit				
Pharmaceuticals	4,696,332	3,778,588	4,206,360	3,521,436
Beverage	8,604	3,184	8,604	3,184
Total segment profit	4,704,936	3,781,772	4,214,964	3,524,620
Other operating income (Note 6)	43,017	45,676	43,017	44,881
General administration costs, selling and distribution expenses	(3,040,060)	(2,420,017)	(2,826,823)	(2,246,578)
Finance costs	(207,394)	(135,047)	(196,707)	(135,184)
Share of loss of joint venture	(33,798)	(24,058)	-	-
Profit before tax	<u>1,466,701</u>	<u>1,248,326</u>	<u>1,234,451</u>	<u>1,187,739</u>

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.

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5.3.6 Geographical information

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

	The Group		The Company	
	2021	2020	2021	2020
	Revenue from external customers	Revenue from external customers	Revenue from external customers	Revenue from external customers
	₦'000	₦'000	₦'000	₦'000
East	3,610,065	2,915,766	3,610,066	2,790,103
West	2,576,764	2,052,365	2,576,764	2,025,086
Lagos	4,264,877	3,087,170	3,402,240	2,832,836
North	1,449,879	1,334,895	1,449,879	1,291,008
	11,901,585	9,390,196	11,038,949	8,939,033

	The Group		The Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
6. Other operating income				
Insurance indemnity (Note 6.1)	14,994	7,281	14,994	7,281
Income on contract manufacturing	14,053	21,667	14,053	21,667
Rental income(Note 6.2)	3,200	7,783	3,200	7,783
Provision no longer required	10,770	1,990	10,770	1,990
Profit on disposal of property, plant and equipment	-	6,955	-	6,160
	43,017	45,676	43,017	44,881

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

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

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	The Group		The Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
7. Expenses by nature				
Personnel expenses	405,314	295,394	383,507	279,335
Depreciation and amortisation	96,856	52,316	93,809	51,704
Repairs and maintenances	41,612	21,664	40,191	21,664
Transport and travelling expenses	97,518	87,678	93,977	82,405
Insurance expenses	30,694	34,151	27,995	34,151
Licensing/registration	19,945	9,412	14,509	6,758
Director's emolument and expenses	118,981	116,825	118,981	116,825
Director's fees	7,750	7,750	7,750	7,750
Public relations, promotions and advertisements	9,638	4,262	9,638	4,262
Subscriptions and dues	19,802	11,561	19,802	6,106
Audit fees	13,969	13,326	12,363	11,600
Legal and professional charges	23,429	13,968	18,401	13,968
Printing, stationery and promotional material	12,529	10,846	12,084	10,321
Security expenses	27,120	20,594	27,120	20,594
Obsolete stock written off	40	13,828	-	-
Telephone and postages expenses	7,227	7,128	6,397	5,538
Company Secretary and AGM expenses	10,644	14,875	10,644	14,875
Admin and Management expense	25,573	11,718	25,573	11,718
Electricity and generator expenses	9,263	4,878	9,263	4,878
Bank charges and commissions	17,419	27,638	17,419	21,161
Exchange loss	141,017	132,169	142,196	126,284
IT expenses	32,960	25,020	32,960	25,020
Loss on disposal of fixed assets	996	-	1,225	-
Office and quarters expenses	57,827	30,921	31,391	24,913
	<u>1,228,123</u>	<u>967,922</u>	<u>1,157,195</u>	<u>901,830</u>
7.1 Expenses by function				
Costs of sales (Note 5.2)	7,202,971	5,608,424	6,823,985	5,414,413
Distribution, Sales and marketing expenses	1,811,937	1,452,095	1,669,628	1,344,748
Administrative expenses (Note 7)	1,228,123	967,922	1,157,195	901,830
	<u>10,243,031</u>	<u>8,028,441</u>	<u>9,650,808</u>	<u>7,660,991</u>

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	The Group		The Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
8. Net finance costs				
Financial liabilities held at amortized cost:				
Interest on loans and overdraft	424,536	228,799	413,555	228,799
Interest on deferred income realised (Note 8.1)	(157,710)	(70,712)	(157,710)	(70,712)
Interest income	(59,432)	(23,040)	(59,138)	(22,903)
Total net finance costs	207,394	135,047	196,707	135,184
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 2020 : Nil) representing interest on loans from related party.				
9. Taxation				
9.1 Income tax expense				
Back duty assessment charge:				
Income tax	-	10,755	-	10,755
Education tax	-	10,433	-	10,433
Capital Gains tax	-	4,334	-	4,334
	-	25,522	-	25,522
Write back of Over provision in prior year				
Income tax	-	(22,994)	-	(22,994)
Education tax	-	(1,517)	-	(1,517)
	-	1,011	-	1,011
Current year charge:				
Income tax	334,582	438,613	255,781	438,613
Education tax	43,069	39,329	36,100	39,329
Policy fund levy	565	-	552	-
NASENI levy	29,793	-	27,597	-
	408,009	478,953	320,030	478,953
Over provision in prior year				
Capital Gains tax	-	616	-	616
Total current tax expense	408,009	479,569	320,030	479,569

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	The Group		The Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
9.2 Deferred tax on origination and reversal of temporary differences:				
Deferred tax charged/(write back)(Note 9.3)	<u>2,759</u>	<u>(195,807)</u>	<u>3,580</u>	<u>(195,807)</u>
Total deferred tax charge/(write back)	<u>2,759</u>	<u>(195,807)</u>	<u>3,580</u>	<u>(195,807)</u>
Total income tax expense	<u>410,768</u>	<u>283,762</u>	<u>323,610</u>	<u>283,762</u>
Factors affecting tax expenses for the year				
Profit before tax as shown in the consolidated and separate income statement	<u>1,460,377</u>	<u>1,248,326</u>	<u>1,234,450</u>	<u>1,187,739</u>
Expected income tax expense on profit at statutory tax rate (30%)	<u>438,113</u>	<u>374,498</u>	<u>370,335</u>	<u>356,322</u>
Effect of portion of income taxed on a different basis - education tax	<u>43,069</u>	<u>39,329</u>	<u>36,100</u>	<u>39,329</u>
Effect of minimum taxation	<u>5,556</u>	<u>5,556</u>	<u>-</u>	<u>-</u>
	<u>486,738</u>	<u>419,383</u>	<u>406,435</u>	<u>395,650</u>
Effective tax rate	33%	34%	33%	33%
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)	<u>363,981</u>	<u>478,593</u>	<u>305,100</u>	<u>478,558</u>
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	<u>784,980</u>	<u>782,221</u>	<u>781,300</u>	<u>777,720</u>

MAY AND BAKER NIGERIA PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	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 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	7,478	-	-	7,478
Provision for doubtful debts	405,429	(821)	-	404,608	403,200	-	-	403,200
	<u>779,853</u>	<u>2,759</u>	<u>-</u>	<u>782,612</u>	<u>777,720</u>	<u>3,580</u>	<u>-</u>	<u>781,300</u>
Adjustment (Note 22.1)	2,368	-	-	2,368	-	-	-	-
	<u>782,221</u>	<u>2,759</u>	<u>-</u>	<u>784,980</u>	<u>777,720</u>	<u>3,580</u>	<u>-</u>	<u>781,300</u>

9.3.2 2020

Deferred tax liabilities/ (assets) in relation to:

Property, plant and equipment	725,368	(154,113)	-	571,255	725,555	(154,113)	-	571,442
Retirement benefit obligations	(201,207)	(3,102)	-	(204,309)	(201,298)	(3,102)	-	(204,400)
Recognised on asset revaluation	45,349	(37,871)	-	7,478	45,349	(37,871)	-	7,478
Provision for doubtful debts	404,653	776	-	405,429	403,921	(721)	-	403,200
	<u>974,163</u>	<u>(194,310)</u>	<u>-</u>	<u>779,853</u>	<u>973,527</u>	<u>(195,807)</u>	<u>-</u>	<u>777,720</u>

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

	The Group		The Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
9.4 Income tax				
Analysis of movements in the current tax balance during the year:				
At 1 January	478,592	141,047	478,558	141,048
Income tax	334,582	426,374	255,781	426,374
Education tax	43,069	48,245	36,100	48,245
Policy fund levy	565	-	552	-
NASENI levy	29,793	-	27,597	-
Capital Gains Tax	-	4,950	-	4,950
Tax paid during the year	<u>(522,621)</u>	<u>(142,024)</u>	<u>(493,488)</u>	<u>(142,059)</u>
At 31 December	<u>363,981</u>	<u>478,592</u>	<u>305,100</u>	<u>478,558</u>

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.

MAY AND BAKER NIGERIA PLC

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	The Group		The Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
10. Basic earnings per share				
Profit for the year attributable to equity holders	1,049,609	964,564	910,840	903,977
Earnings from continuing operations	1,049,609	964,564	910,840	903,977
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/(loss) per share (kobo) - from discontinued operations				
- Basic	60.84	55.91	52.80	52.40
- Diluted	60.84	55.91	52.80	52.40
Earnings per share (kobo)-from continuing operations				
- Basic	61	56	53	52
- Diluted	61	56	53	52
11. Operating profit				
Operating profit has been arrived after charging/(crediting):				
Depreciation and amortisation expenses	563,426	546,624	544,027	533,216
Staff costs	1,033,766	783,530	974,717	745,304
Profit on disposal of property, plant and equipment	-	6,955	-	6,160
Audit fees	13,969	13,326	12,363	11,600

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12. Property, plant and equipment

a. The Group

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

	Freehold land N'000	Building N'000	Plant & Machinery N'000	Furniture & fitting N'000	Computer & office equipment N'000	Trucks & Motor Vehicles N'000	Factory Equipment N'000	Capital work-in- progress N'000	Total N'000
Cost									
At 1 January 2020	334,167	2,538,736	3,574,667	77,748	302,704	747,460	42,108	77,023	7,694,613
Additions	500	56,070	57,565	5,447	18,521	185,473	-	647	324,223
Disposal	-	-	(1,125)	-	-	(109,671)	-	-	(110,796)
At 31 December 2020	334,667	2,594,806	3,631,107	83,195	321,225	823,262	42,108	77,670	7,908,040
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)
Disposals	-	-	(6,182)	-	(1,450)	(161,212)	-	-	(168,843)
At 31 December 2021	334,667	2,616,516	3,656,558	88,123	414,679	962,187	42,108	161,324	8,276,162
Depreciation and Impairment									
At 1 January, 2020	-	567,508	2,196,477	61,429	260,851	412,404	30,368	-	3,529,037
Charge for the year	-	46,405	350,121	5,744	15,768	123,132	5,454	-	546,624
Disposals	-	-	(947)	-	-	(105,332)	-	-	(106,279)
At 31 December 2020	-	613,913	2,545,651	67,173	276,619	430,204	35,822	-	3,969,382
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
Carrying amounts:									
At 31 December 2021	334,667	1,955,403	793,136	14,930	109,920	488,400	2,935	161,324	3,860,715
At 31 December 2020	334,667	1,980,893	1,085,456	16,022	44,606	393,058	6,286	77,670	3,938,657

a) Included in the depreciation charged for the year was N96,855,958 (December 2020 : N52,316,000) in the administrative expenses, N111,165,483 (December 2020 : N91,621,000) in the distribution, sales and marketing and a charge of N383,721,000 (December 2020 : N412,837,000) 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 (in place)

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

MAY AND BAKER NIGERIA PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12. Property, plant and equipment

b. Company

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

	Freehold land N'000	Building N'000	Plant & Machinery N'000	Furniture & fitting N'000	Computer & office equipment N'000	Trucks & Motor Vehicles N'000	Factory Equipment N'000	Capital work-in- progress N'000	Total N'000
Cost									
At 1 January 2020	334,167	2,538,736	3,572,905	76,349	302,704	703,307	42,108	77,023	7,647,299
Additions	500	56,070	56,428	5,447	18,521	160,454	-	647	298,066
Disposals	-	-	(1,125)	-	-	(95,730)	-	-	(96,855)
At 31 December 2020	334,667	2,594,806	3,628,208	81,796	321,225	768,031	42,108	77,670	7,848,510
At 1 January 2021	334,667	2,594,806	3,628,208	81,796	321,225	768,031	42,108	77,670	7,848,510
Additions	-	21,710	31,632	4,202	96,650	283,905	-	83,654	521,753
Disposals	-	-	(6,182)	-	(1,450)	(156,707)	-	-	(164,338)
At 31 December 2021	334,667	2,616,515	3,653,659	85,997	416,425	895,229	42,108	161,324	8,205,925
Depreciation and Amortisation									
At 1 January, 2020	-	567,508	2,194,836	60,424	260,851	384,939	30,368	-	3,498,926
Charge for the year	-	46,405	349,572	5,648	15,768	110,369	5,454	-	533,216
Disposals	-	-	(947)	-	-	(91,391)	-	-	(92,338)
At 31 December 2020	-	613,913	2,543,461	66,072	276,619	403,917	35,822	-	3,939,804
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
Carrying amounts:									
At 31 December 2021	334,667	1,955,403	792,427	13,962	110,302	462,131	2,935	161,324	3,833,151
At 31 December 2020	334,667	1,980,893	1,084,747	15,724	44,606	364,114	6,286	77,670	3,908,706

(a) Included in the depreciation charged for the year was N93,809,000 (December 2020 : N51,703,546) in the administrative expenses, N94,778,000 (December 2020 : N78,827,461) in the distribution, sales and marketing and a charge of N383,721,175 (December 2020 : N412,837,403) 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		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
13. Intangible assets				
Cost:				
At 31 December	46,646	44,865	46,381	44,865
Accumulated amortisation and impairment loss:				
At 1 January 2020	14,391	4,233	14,391	4,233
Amortisation charge in the year	10,419	10,158	10,419	10,158
At 31 December	24,810	14,391	24,810	14,391
Carrying amount	21,836	30,474	21,571	30,474

13.1 Included in the depreciation charged for the year was amortisation of N10,419,000 (December 2020 : 10,158,083) 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

14. Right of use assets	3,688	-	3,688	-
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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 2021 to 31 March 2023.

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	Held by (Units) In thousand	% voting power	Place of Incorporation of operation	Group		Company	
				2021 N'000	2020 N'000	2021 N'000	2020 N'000
14. 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
				<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>

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

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

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

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 2021

	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
14.2.1 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)	1,696,632	4,937	1,701,569
Net Finance cost	(196,707)	(10,235)	(565)	-	(207,507)	111	(207,394)
Share of loss in joint ventures	-	-	-	-	-	(33,798)	(33,798)
Profit/loss before tax	1,234,450	258,929	(2,410)	(1,844)	1,489,125	(28,750)	1,460,377
Income tax expenses	(410,768)	-	-	-	(410,768)	-	(410,768)
Profit/loss after tax	823,682	258,929	(2,410)	(1,844)	1,078,357	(28,750)	1,049,609

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31 December 2021

	Parent - May and Baker Nigeria Plc N'000	Osworth Nigeria Limited N'000	Servisure Nigeria Limited N'000	Tydirpacks Nigeria Limited N'000	Total N'000	Elimination N'000	Group N'000
14.2.2 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
	<u>5,188,295</u>	<u>27,830</u>	<u>-</u>	<u>-</u>	<u>5,216,125</u>	<u>(162,762)</u>	<u>5,053,363</u>
Current assets							
Inventories	3,351,580	236,564	-	-	3,588,145	-	3,588,145
Trade and other receivables	1,006,063	126,409	15,214	-	1,147,686	17,703	1,165,389
Other current assets	4,909,415	41,650	-	-	4,951,065	(17,703)	4,933,362
Due from related parties	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
	<u>12,116,369</u>	<u>603,903</u>	<u>15,191</u>	<u>1,461</u>	<u>12,736,925</u>	<u>(168,070)</u>	<u>12,568,855</u>
Total assets	<u>17,304,664</u>	<u>631,733</u>	<u>15,191</u>	<u>1,461</u>	<u>17,953,050</u>	<u>(330,832)</u>	<u>17,622,218</u>
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)	2,988,791
Fair value reserve	-	1,792	-	-	1,792	(1,792)	-
Asset revaluation reserve	408,144	-	-	-	408,144	-	408,144
	<u>7,159,341</u>	<u>350,987</u>	<u>(4,031)</u>	<u>(8,307)</u>	<u>7,497,990</u>	<u>(226,373)</u>	<u>7,271,616</u>
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
	<u>4,272,087</u>	<u>4,502</u>	<u>-</u>	<u>-</u>	<u>4,276,589</u>	<u>(822)</u>	<u>4,275,767</u>
Current liabilities							
Loans and borrowings	3,644,584	-	-	-	3,644,584	(923)	3,643,661
Trade and other payables	1,605,252	276,208	19,222	9,768	1,910,450	(162,055)	1,748,395
Due to related party	121,460	-	-	-	121,460	497	121,957
Current tax liabilities	305,100	36	-	-	305,136	58,845	363,981
Deferred fair value gain on loan	196,842	-	-	-	196,842	-	196,842
	<u>5,873,238</u>	<u>276,244</u>	<u>19,222</u>	<u>9,768</u>	<u>6,178,472</u>	<u>(103,636)</u>	<u>6,074,836</u>
Total liabilities	<u>10,145,325</u>	<u>280,746</u>	<u>19,222</u>	<u>9,768</u>	<u>10,455,061</u>	<u>(104,458)</u>	<u>10,350,603</u>
Total equity and liabilities	<u>17,304,666</u>	<u>631,733</u>	<u>15,191</u>	<u>1,461</u>	<u>17,953,051</u>	<u>(330,832)</u>	<u>17,622,219</u>

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31 December 2020

	Parent - May and Baker Nigeria Plc N'000	Osworth Nigeria Limited N'000	Servisure Nigeria Limited N'000	Tydirpacks Nigeria Limited N'000	Total N'000	Elimination N'000	Group N'000
14.2.3 Condensed statement of profit or loss and other comprehensive income							
Revenue	8,939,033	597,573	-	-	9,536,606	(146,410)	9,390,196
Cost of sales	(5,414,413)	(337,234)	-	-	(5,751,647)	143,223	(5,608,424)
Gross profit	3,524,620	260,339	-	-	3,784,959	(3,187)	3,781,772
Other operating income	44,881	795	-	-	45,676	-	45,676
Distribution, sales and marketing expenses	(1,344,748)	(107,347)	-	-	(1,452,095)	-	(1,452,095)
Administrative expenses	(901,830)	(62,809)	(1,713)	(1,570)	(967,922)	-	(967,922)
Operating profit	1,322,923	90,978	(1,713)	(1,570)	1,410,619	(3,187)	1,407,431
Net Finance cost	(135,184)	137	-	-	(135,047)	-	(135,047)
Share of loss in joint ventures	-	-	-	-	-	(24,058)	(24,058)
Profit/loss before tax	1,187,739	91,115	(1,713)	(1,570)	1,275,572	(27,245)	1,248,326
Income tax expense	(283,762)	-	-	-	(283,762)	-	(283,762)
Profit/loss after tax	<u>903,977</u>	<u>91,115</u>	<u>(1,713)</u>	<u>(1,570)</u>	<u>991,810</u>	<u>(27,245)</u>	<u>964,564</u>

MAY AND BAKER NIGERIA PLC

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31 December 2020

	Parent - May and Baker Nigeria Plc N'000	Osworth Nigeria Limited N'000	Servisure Nigeria Limited N'000	Tydirpacks Nigeria Limited N'000	Total N'000	Elimination N'000	Group N'000
14.2.4 Condensed statement of financial position							
Assets							
Non-current assets							
Property, plant and equipment	3,908,706	29,951	-	-	3,938,657	-	3,938,657
Intangible assets	30,474	-	-	-	30,474	-	30,474
Investment in subsidiaries	3,000	-	-	-	3,000	(3,000)	-
Investment in Joint Venture	1,326,886	-	-	-	1,326,886	(125,964)	1,200,922
	<u>5,269,066</u>	<u>29,951</u>	<u>-</u>	<u>-</u>	<u>5,299,017</u>	<u>(128,964)</u>	<u>5,170,053</u>
Current assets							
Inventories	2,345,677	97,093	-	-	2,442,770	(3,189)	2,439,581
Trade and other receivables	1,267,575	59,115	15,214	-	1,341,904	25,625	1,367,529
Other assets	1,401,113	-	-	-	1,401,113	3,711	1,404,824
Due from related party	213,028	-	-	-	213,028	(213,028)	-
Cash and cash equivalents	3,825,500	144,432	44	1,462	3,971,438	-	3,971,438
	<u>9,052,893</u>	<u>300,640</u>	<u>15,258</u>	<u>1,462</u>	<u>9,370,253</u>	<u>(186,881)</u>	<u>9,183,372</u>
Total assets	<u>14,321,959</u>	<u>330,591</u>	<u>15,258</u>	<u>1,462</u>	<u>14,669,270</u>	<u>(315,845)</u>	<u>14,353,425</u>
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	2,483,244	120,768	(2,620)	(7,461)	2,593,931	(134,812)	2,459,119
Asset revaluation reserve	408,144	-	-	-	408,144	-	408,144
	<u>6,766,070</u>	<u>121,768</u>	<u>(1,620)</u>	<u>(6,461)</u>	<u>6,879,757</u>	<u>(137,812)</u>	<u>6,741,945</u>
Liabilities							
Non-current liabilities							
Loans and borrowings	2,507,283	-	-	-	2,507,283	-	2,507,283
Post employment benefits	43,944	-	-	-	43,944	-	43,944
Deferred tax liabilities	777,720	2,133	-	-	779,853	-	779,853
Deferred fair value gain on loan	460,449	-	-	-	460,449	-	460,449
	<u>3,789,396</u>	<u>2,133</u>	<u>-</u>	<u>-</u>	<u>3,791,529</u>	<u>-</u>	<u>3,791,529</u>
Current liabilities							
Loans and borrowings	1,688,420	-	-	-	1,688,420	(44,253)	1,644,167
Trade and other payables	1,246,908	206,654	16,878	7,924	1,478,364	(133,779)	1,344,585
Due to related party	222,235	-	-	-	222,235	-	222,235
Current tax liabilities	478,558	36	-	-	478,593	-	478,593
Deferred income	130,372	-	-	-	130,372	-	130,372
	<u>3,766,493</u>	<u>206,690</u>	<u>16,878</u>	<u>7,924</u>	<u>3,997,984</u>	<u>(178,032)</u>	<u>3,819,952</u>
Total liabilities	<u>7,555,889</u>	<u>208,823</u>	<u>16,878</u>	<u>7,924</u>	<u>7,789,513</u>	<u>(178,032)</u>	<u>7,611,481</u>
Total equity and liabilities	<u>14,321,959</u>	<u>330,591</u>	<u>15,258</u>	<u>1,463</u>	<u>14,669,270</u>	<u>(315,844)</u>	<u>14,353,426</u>

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15. 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%
			2021	2020
			₦'000	₦'000

15.1 Summarised financial information of Joint Venture

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

Biovaccine Nigeria Limited

Current assets	<u>423,837</u>	<u>480,075</u>
Non-current assets	<u>1,577,992</u>	<u>1,584,901</u>
Current liabilities	<u>(23,193)</u>	<u>(20,071)</u>
Non-current liabilities	<u>-</u>	<u>-</u>
The following amounts have been included in the amounts above:		
Cash and cash equivalents	<u>17,915</u>	<u>254,185</u>
Current financial liabilities(excluding trade and other payables and provisions)	<u>(1,563,793)</u>	<u>(1,563,793)</u>
Non-current financial liabilities(excluding trade and other payables and provisions)	<u>-</u>	<u>-</u>

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	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
15.2 Revenue	-	-	-	-
Loss from continuing operations	(66,270)	(47,172)	(107,836)	(107,836)
Loss for the year	(66,270)	(47,172)	(107,836)	(107,836)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	(66,270)	(47,172)	(107,836)	(107,836)
The following amounts have been included in the amounts above:				
Depreciation	(7,433)	(8,649)	(14,928)	(14,928)
Interest income	-	-	-	-
Interest expense	(1,139)	(612)	(18)	(18)
15.2.1 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	1,978,636	2,044,905	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	1,009,104	1,042,902	430,193	430,193
Amount payable to Biovaccine Nigeria Limited	191,818	182,078	896,693	896,693
Share of accumulated loss from the joint ventures in the year	(33,798)	(24,058)	-	-
Carrying amount of the Group's interest in the joint venture	1,167,124	1,200,922	1,326,886	1,326,886

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

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	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
16. Inventories				
Raw materials	1,105,287	630,324	1,105,326	620,928
Packaging materials	695,695	414,234	682,462	408,721
Work-in-progress	232,928	213,750	232,365	192,224
Finished goods	721,275	738,257	564,185	680,788
Spare parts	325,961	245,808	325,961	245,808
Consumables	506,999	197,208	441,281	197,208
	<u>3,588,145</u>	<u>2,439,581</u>	<u>3,351,580</u>	<u>2,345,677</u>

(a) Inventories value of N3.351 million (2020 : N2,346 million) were carried at net realisable value. There are no inventories pledge as securities for liabilities.

(b) Inventory written down during the year amounted to Nil (2020: N27.28million).

	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
17. Trade and other receivables				
Trade receivables				
Trade receivables (Note 17.1)	1,514,066	1,759,050	1,375,138	1,644,083
Less: allowance for doubtful debts (Note 17.3)	(464,428)	(471,224)	(446,800)	(454,225)
	<u>1,049,638</u>	<u>1,287,826</u>	<u>928,338</u>	<u>1,189,858</u>
Other receivables				
Staff loans and advances	154,865	336,550	132,280	332,574
Withholding tax recoverable	83,016	95,696	67,575	80,075
Refundable deposits to suppliers	4,071	5,999	4,071	5,999
VAT receivable	18,589	16,576	18,589	16,576
Union Dues-Jnr	1,260	1,262	1,260	1,446
ITF and Insurance claim	2,046	620	2,046	620
	<u>263,847</u>	<u>456,703</u>	<u>225,821</u>	<u>437,290</u>
Less: Allowance for doubtful debts (Note 17.4)	(148,096)	(377,000)	(148,096)	(359,574)
Total other receivables	<u>115,750</u>	<u>79,703</u>	<u>77,724</u>	<u>77,717</u>
Total trade and other receivables	<u>1,165,389</u>	<u>1,367,529</u>	<u>1,006,063</u>	<u>1,267,575</u>

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17.1 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	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
17.2 Ageing of past due receivables:				
0 - 30 days	489,127	585,166	453,513	573,513
31 - 60 days	238,163	296,163	218,163	276,163
61 - 90 days	116,737	156,737	75,080	115,080
91 - 360 days	185,455	225,455	143,798	183,798
Over 360 days (Note 20.2a)	484,584	495,529	484,584	495,529
Total	<u>1,514,066</u>	<u>1,759,050</u>	<u>1,375,138</u>	<u>1,644,083</u>

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	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
17.3 Movement in the allowance for doubtful debts-trade receivables				
At 1 January	471,224	424,442	454,225	409,349
Impairment losses recognised	(6,552)	85,031	(7,181)	83,125
Bad debt written off in the year	(244)	(38,249)	(244)	(38,249)
At 31 December	<u>464,428</u>	<u>471,224</u>	<u>446,800</u>	<u>454,225</u>

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

17.4 Movement in the allowance for doubtful debts-other receivables

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
At 1 January	377,000	322,188	359,574	304,762
Write off in the year	(207,884)	-	(207,884)	-
Impairment (write back) / losses recognised	(21,020)	54,812	(3,594)	54,812
At 31 December	<u>148,096</u>	<u>377,000</u>	<u>148,096</u>	<u>359,574</u>

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17.5 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	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
18. Related Parties				
18.1 Due from related parties				
Receivable from related parties	<u>1,260</u>	<u>-</u>	<u>169,330</u>	<u>213,028</u>
18.2 Due to related party				
Payable to related party:				
Biovaccines Nig. Ltd. Shared costs Joint venture	<u>121,957</u>	<u>222,235</u>	<u>121,460</u>	<u>222,235</u>

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

Related Parties	Nature of Transactions	Relationship	Group		Company	
			2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
Receivable from related parties:						
Osworth Trading Co. Ltd.	Shared costs	Subsidiary	-	-	140,804	189,952
Servisure Nig. Ltd.	Shared costs	Subsidiary	-	-	18,747	16,402
Tydirpacks Nig. Ltd.	Shared costs	Subsidiary	-	-	8,519	6,674
Otsuka Nig Ltd	Shared costs	Proposed joint venture	1,260	-	1,260	-
Total receivable from related parties:			<u>1,260</u>	<u>-</u>	<u>169,330</u>	<u>213,028</u>
Payable to related party:						
Biovaccines Nig. Ltd.	Shared costs	Joint venture	121,957	222,235	121,460	222,235
Net related parties amount			<u>(120,697)</u>	<u>(222,235)</u>	<u>47,870</u>	<u>(9,208)</u>
19. Other assets						
Advance payment to suppliers (Note 19.1)			4,511,626	1,130,400	4,472,091	1,130,400
Prepayments			421,132	259,190	418,481	255,479
FCMB Security deposit			18,843	15,234	18,843	15,234
Impairment allowance (Note 19.2)			(18,239)	-	-	-
			<u>4,933,362</u>	<u>1,404,824</u>	<u>4,909,415</u>	<u>1,401,113</u>

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

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

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	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
20. Cash and cash equivalent as per statement of financial position				
Cash in hand	1,504	68	66	68
Cash at bank	1,423,134	3,588,976	1,223,854	3,443,038
Short term placements (Note 20.2)	1,456,061	382,394	1,456,061	382,394
	2,880,699	3,971,438	2,679,981	3,825,500
20.1 Bank overdraft used for cash management (Note 24a)	(131,070)	(226)	(131,070)	(226)
statement of cashflow	2,749,629	3,971,212	2,548,911	3,825,274

{a} Restricted cash

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

{b} Reconciliation of cash and bank balance to cash and equivalents.

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

	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
21. Share capital				
Authorised:				
6,000,000,000 ordinary shares of 50 kobo each	3,000,000	3,000,000	3,000,000	3,000,000
21.1 Issued and fully paid:				
1,725,234,886 ordinary shares of 50 kobo each	862,617	862,617	862,617	862,617

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21.1.1 Minimum issued share capital for existing company – Section 124 of CAMA 2020

In line with the company's regulations of 2020 released by the Corporate Affairs Commission in December 2020, a company that has an unissued shares in its capital shall not later than 31 December 2022 fully issue such shares.

	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
21.2 Share premium				
At 31 December	<u>3,012,065</u>	<u>3,012,065</u>	<u>3,012,065</u>	<u>3,012,065</u>
22. Retained earnings				
At 1 January	2,456,751	1,925,864	2,483,244	2,010,576
Profit for the year	1,049,609	964,564	910,840	903,977
Dividend declared and paid	(517,570)	(431,309)	(517,569)	(431,309)
	<u>2,988,790</u>	<u>2,459,119</u>	<u>2,876,515</u>	<u>2,483,244</u>
Adjustment (Note 22.1)	-	(2,368)	-	-
At 31 December	<u>2,988,790</u>	<u>2,456,751</u>	<u>2,876,515</u>	<u>2,483,244</u>
22.1 This represent Osworth deferred tax adjustment in prior year now recognised.				
22.2 All the profit of the Group is attributable to Owners of the Parents as there are no non-controlling interests.				
22.3 Asset revaluation reserve				
At 31 December	<u>408,144</u>	<u>408,144</u>	<u>408,144</u>	<u>408,144</u>
23. Loans and borrowings				
23.1 Secured amounts:				
Bank overdrafts (Note 23.3.1)	<u>131,070</u>	226	<u>131,070</u>	226
Current borrowing (Note 23.3)	3,643,661	1,644,167	3,644,584	1,688,420
Non current borrowing (Note 23.3)	<u>2,893,510</u>	<u>2,507,283</u>	<u>2,893,510</u>	<u>2,507,283</u>
Total borrowed fund	<u>6,537,171</u>	<u>4,151,450</u>	<u>6,538,094</u>	<u>4,195,703</u>

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	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
23.2 All the borrowings were obtained in naira, the functional currency of the Group. The principal features of the Company's borrowings are described below:				
23.3 Analysis by maturity:				
Current-due within 1 year as follows:				
Bank overdrafts (Note 23.3.1)	131,070	226	131,070	226
Term loans - CBN Intervention fund (Note 23.3.2)	665	665	665	665
Short term import facility (Note 23.3.3)	3,165,703	1,258,325	3,166,626	1,302,578
Term loans - BOI Loan 1 (Note 23.3.4.1)	14,215	-	14,215	-
Term loans - CBN 1 B Loan 1 (Note 23.3.4.2)	53,099	593	53,099	593
Term loans - CBN 2.5 B Loan 2 (23.3.4.3)	278,909	384,357	278,909	384,357
Total current borrowed fund	3,643,661	1,644,167	3,644,584	1,688,420
Non-current-due after 1 year as follows:				
Term loans - BOI Loan 1 (Note 23.3.4.1)	624,034	-	624,034	-
Term loans - CBN 1 B Loan 1 (Note 23.3.4.2)	833,447	845,148	833,447	845,148
Term loans - CBN 2.5 B Loan 2 (23.3.4.3)	1,436,029	1,662,135	1,436,029	1,662,135
Total non-current borrowed fund	2,893,510	2,507,283	2,893,510	2,507,283
Total borrowed fund	6,537,171	4,151,450	6,538,094	4,195,703
23.5 Movement in borrowings other than overdraft				
At 1 January	4,151,450	479,018	4,195,703	1,014,066
Addition/(repayment) of loans and borrowings	2,385,721	3,672,206	2,342,391	3,181,637
At 31 December	6,537,171	4,151,450	6,538,094	4,195,703

Summary of borrowing arrangements

23.3.1 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.

23.3.3 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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23.3.4.1 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 2021 to 30 July 2021 with an interest rate of 5% until 28 February 2022 (The rate shall revert back to 9% as for 1 march 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

23.3.4.2 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 28 February 2021. Thereafter, interest will revert to 9% per annum from 1 March 2021.

23.3.4.3 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 with option of roll over for a maximum of 3 years (subject to CBN approval). 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 28 February 2021. Thereafter, interest will revert to 9% per annum from 1 March 2021.

24. 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 gratuity for staff that have been in the employment of the company for a minimum of five (5) years and a long service grant.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
24.1 Statement of financial position				
Defined benefit obligation schemes (Note 24.2)	40,506	43,944	40,506	43,944
24.2 Movement in benefit obligation scheme:				
At 1 January	43,944	49,347	43,944	49,192
Deducted during the year	18,478	13,027	1,353.90	12,442
Benefits remitted/ paid	(21,916)	(18,430)	(4,792)	(17,690)
At 31 December	40,506	43,944	40,506	43,944

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	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
24.3 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	40,506	43,944	40,506	43,944

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	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
25. Trade and other payables				
Trade payables (Note 25.1)	466,782	343,299	441,308	343,299
Other payables (Note 25.2)	1,281,611	1,001,285	1,163,943	903,609
	1,748,393	1,344,584	1,605,251	1,246,908
25.2 Other payables:				
Accruals	921,620	635,464	811,584	547,736
National Housing Fund (Note 25.2.1)	2,599	2,280	2,599	2,280
Industrial Training Fund Levy (Note 25.2.1)	-	315	-	-
Nigeria Social & Industrial Training Fund (Note 25.2.1)	3,350	4,394	3,350	4,093
Unclaimed dividends	207,304	163,390	207,304	163,390
Co-operative liabilities	6,772	5,824	6,772	5,824
Credit balances in Trade Receivables	0	84,346	-	84,346
Distributors Refundable Deposit	291	241	291	241
Value added tax liabilities (Note 25.2.1)	6,843	2,743	1,659	-
Withholding tax liabilities (Note 25.2.1)	40,828	56,796	38,380	55,057
Pay-As-You-Earn liabilities (Note 25.2.1)	45,968	20,976	45,968	19,224
Staff Welfare Liabilities	13,337	4,255	13,337	1,993
Union Dues	747	594	747	594
Defined contribution schemes	31,952	19,667	31,952	18,831
	1,281,611	1,001,285	1,163,943	903,609

25.1 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.

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

25.2.1 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	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
26. Deferred fair value gain on loan				
Deferred fair value gain	<u>753,613</u>	<u>590,822</u>	<u>753,613</u>	<u>590,821</u>
Analysis of deferred fair value gain on loan into:				
26.1 Current portion	<u>196,842</u>	<u>130,372</u>	<u>196,842</u>	<u>130,372</u>
26.2 Non current portion	<u>556,771</u>	<u>460,449</u>	<u>556,771</u>	<u>460,449</u>

26.1 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.

27. 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 2020 : 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.

28. 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 2021, the contingent liabilities arising from pending legal claims due to various litigations amounted to N50.5 million (December 2020: Nil). 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.

29. Related party information

29.1 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.

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

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

Otsuka Nigeria Ltd- A proposed joint Venture between May and Baker Nigeria Plc and Otsuka Pharmaceutical co. Japan, which is 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"

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

Biovaccines Limited - Biovaccines Nigeria Limited is yet to commence commercial operations. Transactions on its behalf are mainly in respect of expenses incurred in maintaining its assets and personnel at its old site at Harvey Road, Yaba, Lagos. May & Baker Nigeria Plc therefore maintains an inter-company account with it for such transactions, including 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
Mr. I . Dankaro	Non-executive Director
Mr Kolawole	Non-executive Director
Mrs. G. I. Odumodu	Non-executive Director
Dr. E. Abebe	Non-executive Director
Chief S. M. Onyishi	Non-executive Director

29.2 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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29.3 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 2020**, 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
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
2020						
Group to the related parties	-	-	-		222,235	222,235
Related parties invoices to the Group	189,952	16,402	6,674		222,235	435,263

29.4 Loans to related parties

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

29.5 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	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
Directors remuneration				
Directors fees	7,750	7,750	7,750	7,750
Salaries and allowances	118,981	116,825	118,981	116,825
	<u>126,731</u>	<u>124,575</u>	<u>126,731</u>	<u>124,575</u>

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	The Group		The Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
29.6a Staff costs				
The aggregate employee remuneration is as follows:				
Salaries and wages	943,818	704,670	889,769	670,392
Staff pension and gratuity	89,948	78,860	84,948	74,912
	<u>1,033,766</u>	<u>783,530</u>	<u>974,717</u>	<u>745,304</u>

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				
250,001 - 300,000				1	19	1	19
300,001 - 350,000				15	17	15	17
350,001 - 400,000				39	18	39	18
400,001 - 450,000				-	12	-	12
450,001 - 500,000				6	18	6	17
500,001 - 550,000				5	14	4	14
550,001 - 600,000				29	10	29	10
600,001 - 650,000				14	11	14	11
650,001 - 600,000				19	12	12	12
700,001 and above				227	206	211	190
				<u>355</u>	<u>337</u>	<u>331</u>	<u>320</u>

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

Managerial	22	16	21	15
Senior staff	192	166	170	151
Junior staff	141	155	140	154
	<u>355</u>	<u>337</u>	<u>331</u>	<u>320</u>

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	
	2021 ₦'000	2020 ₦'000
Gearing ratio		
The gearing ratio is as follows:		
Net debt		
Debt	6,537,171	4,151,450
Cash and cash equivalents	<u>(2,880,699)</u>	<u>(3,971,438)</u>
Net debt	<u><u>3,656,472</u></u>	<u><u>180,012</u></u>
Equity		
Ordinary shares	862,617	862,617
Share premium	3,012,065	3,012,065
Retained earnings	<u>2,988,790</u>	<u>2,456,751</u>
	<u><u>6,863,473</u></u>	<u><u>6,331,433</u></u>
Net debt to equity ratio	53%	3%

Debt is defined as current and non-current borrowings (as described in Note 25).

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

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 ₦'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	1,165,389
Other assets	-	-	-	4,933,362	4,933,362
Cash and cash equivalents	<u>2,880,699</u>	-	-	-	<u>2,880,699</u>
	<u><u>3,930,337</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>13,686,933</u></u>	<u><u>17,617,270</u></u>

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	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
	<u>6,537,171</u>	<u>-</u>	<u>3,094,196</u>	<u>9,631,367</u>

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 2020					
Asset					
Property, plant and equipment	-	-	-	3,938,657	3,938,657
Intangible assets	-	-	-	30,474	30,474
Investment in Joint Venture	-	-	-	1,200,922	1,200,922
Inventories	-	-	-	2,439,581	2,439,581
Trade and other receivables	1,287,826	-	-	78,441	1,366,267
Other assets	-	-	-	1,404,824	1,404,824
Cash and cash equivalents	3,971,438	-	-	-	3,971,438
	<u>5,259,264</u>	<u>-</u>	<u>-</u>	<u>9,092,899</u>	<u>14,352,163</u>

	Carrying amount			
	Amortised cost ₦'000	FVTPL ₦'000	Non- financial ₦'000	Total ₦'000
Liabilities				
Loans and borrowings	4,151,450	-	-	4,151,450
Deferred tax liabilities	-	-	779,853	779,853
Trade and other payables	-	-	1,343,322	1,343,322
Current tax liabilities	-	-	478,593	478,593
Deferred income	-	-	130,372	130,372
	<u>4,151,450</u>	<u>-</u>	<u>2,732,140</u>	<u>6,883,590</u>

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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 2021	Carrying amount				Total N'000
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non- financial N'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	1,006,063
Other assets	-	-	-	4,909,415	4,909,415
Cash and cash equivalents	2,679,981	-	-	-	2,679,981
	<u>3,608,319</u>	<u>-</u>	<u>-</u>	<u>13,523,327</u>	<u>17,131,646</u>

	Carrying amount				Total N'000
	Amortised cost N'000	FVTPL N'000	Non- financial N'000	Total N'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
	<u>6,538,094</u>	<u>-</u>	<u>2,888,493</u>	<u>-</u>	<u>9,426,587</u>

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

31 December 2020	Carrying amount				Total N'000
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non- financial N'000	
Asset					
Property, plant and equipment	-	-	-	3,908,706	3,908,706
Intangible assets	-	-	-	30,474	30,474
Investment in subsidiaries	-	-	-	3,000	3,000
Investment in Joint Venture	-	-	-	1,326,886	1,326,886
Inventories	-	-	-	2,345,677	2,345,677
Trade and other receivables	1,189,858	-	-	76,270	1,266,128
Other assets	-	-	-	1,401,113	1,401,113
Cash and cash equivalents	3,825,500	-	-	-	3,825,500
	<u>5,015,358</u>	<u>-</u>	<u>-</u>	<u>9,092,126</u>	<u>14,107,484</u>

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	Carrying amount			Total ₦'000
	Amortised cost ₦'000	FVTPL ₦'000	Non- financial ₦'000	
Liabilities				
Loans and borrowings	4,195,703	-	-	4,195,703
Deferred tax liabilities	-	-	777,720	777,720
Trade and other payables	-	-	1,245,462	1,245,462
Current tax liabilities	-	-	478,558	478,558
Deferred income	-	-	130,372	130,372
	<u>4,195,703</u>	<u>-</u>	<u>2,632,112</u>	<u>6,827,815</u>

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	
	2021	2020
Exposure to foreign currency		
Bank account:		
- in US Dollars	290,277	141,429
- in Euros	6,751	6,913
- in GBP	752	28

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	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Exposure to credit risk				
Trade receivables	1,514,066	1,759,050	1,375,138	1,644,083
Other receivables	263,847	456,703	225,821	437,290
Bank balances	2,880,699	3,971,438	2,679,981	3,825,500
	<u>4,658,612</u>	<u>6,187,191</u>	<u>4,280,940</u>	<u>5,906,873</u>

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.

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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				
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
	<u>8,658,088</u>	<u>185,455</u>	<u>484,584</u>	<u>9,328,127</u>
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
	<u>4,263,130</u>	<u>-</u>	<u>3,662,364</u>	<u>7,925,494</u>
2020				
Financial assets				
Trade receivables	1,038,067	225,455	495,529	1,759,051
Other receivables	1,404,824	-	-	1,404,824
Cash and cash equivalent	3,971,438	-	-	3,971,438
	<u>6,414,329</u>	<u>225,455</u>	<u>495,529</u>	<u>7,135,313</u>
Financial liabilities				
Trade payables	343,299	-	-	343,299
Other payables	116,508	-	768,854	885,362
Term loans	1,643,941	-	2,507,283	4,151,224
Bank overdrafts	226	-	-	226
	<u>2,103,974</u>	<u>-</u>	<u>3,276,137</u>	<u>5,380,111</u>

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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				
2021				
Financial assets				
Trade receivables	746,756	143,798	484,584	1,375,138
Other receivables	4,909,415	-	-	4,909,415
Cash and cash equivalent	2,679,981	-	-	2,679,981
	<u>8,336,152</u>	<u>143,798</u>	<u>484,584</u>	<u>8,964,534</u>
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
	<u>4,230,947</u>	<u>-</u>	<u>3,502,308</u>	<u>7,733,255</u>
2020				
Financial assets				
Trade receivables	964,757	183,798	495,529	1,644,083
Other receivables	1,401,113	-	-	1,401,113
Cash and cash equivalent	3,825,500	-	-	3,825,500
	<u>6,191,370</u>	<u>183,798</u>	<u>495,529</u>	<u>6,870,696</u>
Financial liabilities				
Trade payables	343,299	-	-	343,299
Other payables	106,691	-	608,798	715,489
Term loans	1,688,194	-	2,507,283	4,195,477
Bank overdrafts	226	-	-	226
	<u>2,138,410</u>	<u>-</u>	<u>3,116,081</u>	<u>5,254,491</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

33 Impact of Covid-19 on business operation

It is now over two years since the coronavirus outbreak was declared a global pandemic by WHO (World Health Organization). Since then, Nigeria has witnessed about four different waves accompanied by Delta and Omicron Covid 19 Variants. Nigeria however has received different batches of Covid 19 Vaccines since Feb. 2021 and the economy is gradually picking up.

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 (N2.5 billion at 5% interest up till February 2023), We have also accessed CBN/BOI N850 loan at the same interest rate and we are currently in the process of expanding our capacity with the introduction of new herbal plant and other additional investments.

We have also included in our plans, fresh investment towards vertical integration to secure direct production of needed packaging materials like bottles. We have also strengthened our distribution capacity with new sales depot 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.

MAY AND BAKER NIGERIA PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

MAY AND BAKER NIGERIA PLC

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Other National Disclosures

MAY AND BAKER NIGERIA PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	The Group				The Company			
	2021 ₦'000	%	2020 ₦'000	%	2021 ₦'000	%	2020 ₦'000	%
Revenue	11,901,583		9,390,196		11,038,948		8,939,033	
Other operating income	43,017		38,721		43,017		38,721	
Other gains and losses	-		6,955		-		6,160	
	<u>11,944,600</u>		<u>9,435,872</u>		<u>11,081,965</u>		<u>8,983,914</u>	
Bought-in-materials and services:								
- Imported	(7,116,025)		(4,792,178)		(6,568,453)		(4,459,435)	
- Local	<u>(1,563,611)</u>		<u>(1,930,783)</u>		<u>(1,563,611)</u>		<u>(1,923,652)</u>	
Value added	<u>3,264,964</u>	<u>100</u>	<u>2,712,911</u>	<u>100</u>	<u>2,949,901</u>	<u>100</u>	<u>2,600,827</u>	<u>100</u>

Applied as follows:

To employees:

Salaries, wages and other benefits	1,033,766	32	783,530	29	974,717	33	745,304	29
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To Government:

Income tax	408,009	12	478,953	18	320,030	11	478,953	18
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To pay providers of capital:

Finance charges	207,394	6	135,047	5	196,707	7	135,184	5
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To provide for maintenance of fixed assets:

- Depreciation and amortization	563,426	17	546,624	20	544,027	18	533,216	21
- Deferred taxation	2,759	0	(195,807)	(7)	3,580	0	(195,807)	(8)
- Profit and loss account	<u>1,049,609</u>	<u>32</u>	<u>964,564</u>	<u>36</u>	<u>910,840</u>	<u>31</u>	<u>903,977</u>	<u>35</u>

Value added	<u>3,264,964</u>	<u>100</u>	<u>2,712,911</u>	<u>100</u>	<u>2,949,901</u>	<u>100</u>	<u>2,600,827</u>	<u>100</u>
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Value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth to employees, government, providers of finance and shareholders, and that retained for future creation of more wealth.

MAY AND BAKER NIGERIA PLC

FIVE YEAR FINANCIAL SUMMARY - GROUP 31 DECEMBER

	2021 N'000	2020 N'000	2019 N'000 Restated	2018 N'000 Restated	2017 N'000
Assets/liabilities					
Property, plant and equipment	3,860,715	3,938,657	3,504,599	3,651,101	3,987,172
Intangible assets	21,836	30,474	-	33,648	67,296
Right of use assets	3,688	-	-	-	-
Investment in Joint Venture	1,167,124	1,200,922	1,237,645	970,944	-
Deposit for investment	-	-	-	-	245,325
Net current assets	6,494,021	5,363,423	(102,208)	439,531	1,183,765
Non current liabilities	(4,275,767)	(3,793,897)	(1,022,630)	(1,805,717)	(2,471,872)
Net assets	7,271,617	6,739,577	3,617,405	3,289,506	3,011,686
Capital and reserves					
Share capital	862,617	862,617	490,000	490,000	490,000
Share premium	3,012,065	3,012,065	1,572,622	1,626,094	1,626,094
Retained earnings	2,988,790	2,456,751	1,554,783	1,173,412	895,592
Asset revaluation reserve	408,144	408,144	-	-	-
Shareholders fund	7,271,617	6,739,577	3,617,405	3,289,506	3,011,686
Statement of profit or loss and other comprehensive					
Turnover	11,901,583	9,390,196	8,552,163	8,056,961	8,469,359
Profit before taxation	1,460,377	1,248,326	817,913	861,145	345,939
Taxation	(410,768)	(283,762)	(475,226)	(234,757)	(387,033)
Profit/(loss) after taxation	1,049,609	964,564	342,687	626,388	(41,094)
Per share data (kobo)					
Earnings/(loss) - basic	60.84	55.91	24.75	63.92	(4.19)
Net assets	421.49	390.65	372.62	335.66	307.31

Notes:

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

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

MAY AND BAKER NIGERIA PLC

FIVE YEAR FINANCIAL SUMMARY - COMPANY

31 DECEMBER	2021 N'000	2020 N'000	2019 N'000 Restated	2018 N'000 Restated	2017 N'000
Assets/liabilities					
Property, plant and equipment	3,833,151	3,908,706	3,499,352	3,647,403	3,977,987
Intangible assets	21,571	30,474	-	33,648	67,296
Investment in subsidiaries	3,000	3,000	3,000	3,000	3,000
Right of use assets	3,688	-	-	-	-
Investment in Joint Venture	1,326,886	1,326,886	1,326,886	1,005,189	-
Deposit for investment	-	-	-	-	245,325
Net current assets	6,243,132	5,286,400	(101,480)	463,369	1,227,770
Non current liabilities	(4,272,087)	(3,789,396)	(1,019,746)	(1,803,656)	(2,470,807)
Net assets	7,159,341	6,766,070	3,708,012	3,348,953	3,050,571
Capital and reserves					
Share capital	862,617	862,617	490,000	490,000	490,000
Share premium	3,012,065	3,012,065	1,572,622	1,626,094	1,626,094
Retained earnings	2,876,515	2,483,244	1,645,390	1,232,859	934,477
Asset revaluation reserve	408,144	408,144	-	-	-
Shareholders' fund	7,159,341	6,766,070	3,708,012	3,348,953	3,050,571
Statement of profit or loss and other comprehensive income					
Turnover	11,038,948	8,939,033	8,249,947	7,844,348	8,304,215
Profit before taxation	1,234,450	1,187,739	849,786	875,977	337,670
Taxation	(323,610)	(283,762)	(475,226)	(229,027)	(386,382)
Profit/(loss) after taxation	910,840	903,977	374,560	646,950	(48,712)
Per share data (kobo)					
Earnings/(loss) - basic	52.80	52.40	24.75	66.02	(4.97)
Net assets per share	414.98	392.18	378.37	341.73	311.28

Notes:

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

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

MAY AND BAKER NIGERIA PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

MANAGEMENT INFORMATION:

Detailed profit or loss and other comprehensive income account

	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
Costs of sales				
Direct material costs:				
Direct materials	7,607,929	5,368,628	7,225,182	5,174,617
Over direct material absorptions	(1,535,264)	(921,931)	(1,535,264)	(921,931)
Total Direct material costs	6,072,665	4,446,697	5,689,918	4,252,686
Direct labour costs:				
Salaries and allowances	214,277	192,069	214,277	192,069
Contributions to pension fund scheme	19,119	18,388	19,119	18,388
Staff gratuity expenses	4,358	3,298	4,358	3,298
Medical expenses	5,305	6,703	5,305	6,703
Contract manpower	111,691	94,330	111,691	94,330
Factory canteen and other staff expenses	71,712	80,729	71,712	80,729
Total direct labour costs	426,462	395,517	426,462	395,517
Direct expenses:				
Depreciation expenses	383,721	412,837	383,721	412,837
Repairs and maintenance	145,024	133,236	145,024	133,236
Fuel, diesel and utility expenses	374,239	410,501	374,239	410,501
Other production direct expenses	(306,938)	(312,583)	(303,177)	(312,583)
Total direct expenses	596,046	643,991	599,807	643,991
Factory overhead expenses:				
Registrations and licenses expenses	13,027	15,074	13,027	15,074
Research and Development expenses	24	(55)	24	(55)
Insurance expenses	10,972	14,039	10,972	14,039
Travelling expenses	58,723	47,871	58,723	47,871
Subscription, business registration and dues	-	1,091	-	1,091
Stationeries expenses	344	320	344	320
Laboratory and other factory expenses	24,708	43,879	24,708	43,879
Total factory overhead expenses	107,798	122,219	107,798	122,219
Total costs of sales	7,202,971	5,608,424	6,823,985	5,414,413

MAY AND BAKER NIGERIA PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

MANAGEMENT INFORMATION:

Detailed profit or loss and other comprehensive income account

	Group			
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
Administrative expenses				
Salaries and allowances	237,312	180,234	224,338	170,485
Contributions to pension fund scheme	30,014	28,006	28,187	26,309
Staff employee benefit	5,148	4,939	4,806	4,354
Training, recruitment and canteen expenses	20,711	20,959	20,216	20,435
Medical expenses	25,627	8,045	25,267	7,471
Contract staff and other welfare expenses	86,502	53,211	80,693	50,281
Depreciation expenses	96,856	52,316	93,809	51,704
Repairs and maintenances	41,612	21,664	40,191	21,664
Local and Foreign transport expenses	89,615	80,170	86,074	74,897
Fuel expenses	7,903	7,508	7,903	7,508
Insurance expenses	30,694	34,151	27,995	34,151
Licensing/registration	19,945	9,412	14,509	6,758
Director's emolument and expenses	118,981	116,825	118,981	116,825
Director's fees	7,750	7,750	7,750	7,750
Advert and publicity	5,922	1,500	5,922	1,500
Public relation and social responsibilities	3,716	2,762	3,716	2,762
Subscription and dues	19,802	11,561	19,802	6,106
Audit fees	13,969	13,326	12,363	11,600
Legal and professional charges	23,429	13,968	18,401	13,968
Printing and stationery	12,529	10,846	12,084	10,321
Security expenses	27,120	20,594	27,120	20,594
Telephone and postages expenses	7,227	7,128	6,397	5,538
Obsolete stock written off	40	13,828	-	-
Company Secretary and AGM expenses	10,644	14,875	10,644	14,875
Administrative and management expense	25,573	11,718	25,573	11,718
Bank charges and commissions	17,419	27,638	17,419	21,161
Electricity and generator expenses	9,263	4,878	9,263	4,878
Exchange loss	141,017	132,169	142,196	126,284
Loss on sales of assets	996	-	1,225	-
IT Expenses	32,960	25,020	32,960	25,020
Office and quarters expenses	57,827	30,921	31,391	24,913
	1,228,123	967,922	1,157,195	901,830

MAY AND BAKER NIGERIA PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

MANAGEMENT INFORMATION:

Detailed profit or loss and other comprehensive income account

	Group		Company	
	2021 ₦'000	2020 ₦'000	2021 ₦'000	2020 ₦'000
Distribution, Sales and marketing expenses				
Salaries and allowances	297,205	202,438	263,416	182,812
Contributions to pension fund scheme	22,337	19,439	19,505	17,773
Employee benefits	8,972	4,790	8,972	4,790
Training, recruitment and canteen expenses	18,270	12,161	18,270	11,771
Medical expenses	2,117	3,994	2,117	3,723
Rent and other expenses	41,797	31,559	41,175	31,345
Depreciation expenses	111,166	91,621	94,778	78,827
Repairs and maintenances	92,322	53,895	90,405	52,803
Fuel, transport and traveling expenses	205,971	159,943	205,971	159,943
Advert and publicity	320,748	259,751	320,748	259,751
Research and Development expenses	9,376	7,824	9,376	7,824
Incentives and promotion	331,294	197,752	331,294	175,029
Impairment on trade and other receivable	629	139,842	-	137,936
Marketing expenses	165,670	63,891	80,005	63,891
Depot expenses	68,813	50,261	68,344	50,261
Sampling expenses/free issues	19,518	18,458	19,518	18,458
Telephone and postages	10,383	7,164	10,383	7,164
Sales Reps fixed expenses	31,766	28,364	31,768	28,364
Outsourcing and other staff expenses	53,583	98,948	53,583	52,283
	<u>1,811,937</u>	<u>1,452,095</u>	<u>1,669,628</u>	<u>1,344,748</u>



May & Baker Nig Plc RC. 558

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007 – ANNUAL REPORT

We the undersigned hereby certify the following with regards to our twelve months financial report for the year ended 31 December 2021 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) 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 of, and for the periods presented in the report.
- (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 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 our internal controls based on our evaluation as of that date;
- (e) We have disclosed to the auditors of the company and audit committee:
 - (i) All significant deficiency in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - (ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;
- (f) We have identified in the report whether or not there were significant changes in internal controls 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.

Mr. Ayodeji S. Aboderin
Finance Director/CFO
FRC/2014/ICAN/00000008270

Mr. Patrick O. Ajah
Managing Director/CEO
FRC/2021/003/00000023215