

MORISON INDUSTRIES PLC D

3RD QUARTER FINANCIAL REPORTS AS AT SEPTEMBER 30, 2017.(UNAUDITED)

MORISON INDUSTRIES PLC RC. 1274



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1

MORISON INDUSTRIES PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Notes	JAN TO SEPT 2017 N'000	JAN TO SEPT 2016 N'000	JULY TO SEPT 2017 N'000	JULY TO SEPT 2016 N'000
Revenue	1	131,216	112,252	75,799	33,357
Cost of sales	2	(83,106)	(63,778)	(57,147)	(23,271)
Gross profit		48,110	48,474	18,652	10,086
Distribution expenses	3	(23,568)	(15,247)	(12,276)	(5,384)
Operating expenses	4	(86,148)	(86,500)	(26,650)	(34,992)
Other operating Income	5	9,400	5,288	3,312	2,045
Loss from operations		(52,206)	(47,985)	(16,962)	(28,245)
Finance income		-	-	-	-
Finance expenses	6	(47,694)	(6,881)	(22,810)	(4,297)
Net finance expenses		(47,694)	(6,881)	(22,810)	(4,297)
Loss before taxation		(99,900)	(54,866)	(39,772)	(32,542)
Tax expense		-	-	-	-
Loss for the year		(99,900)	(54,866)	(39,772)	(32,542)
Other comprehensive income					
Items that will not be reclassified to profit or loss:		-	-	-	-
Items that will or may be reclassified to profit or loss:		-	-	-	-
Total other comprehensive income		-	-	-	-
Total comprehensive loss		(99,900)	(54,866)	(39,772)	(32,542)
Loss per share(kobo)		(0.66)	(0.36)	(0.26)	(0.21)

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MORISON INDUSTRIES PLC

2

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017 (UNAUDITED)

	Notes	SEPT 2017 N'000	31ST, DECEMBER 2016 N'000
Assets			
Non-current assets			
Property, plant and equipment	7	345,157	344,831
Leased assets		-	2,598
		<u>345,157</u>	<u>347,429</u>
Current assets			
Inventories	8	60,690	35,088
Trade and other receivables	9	177,758	28,858
Cash and cash equivalents	10	4,228	1,521
		<u>242,676</u>	<u>65,467</u>
Total assets		<u><u>587,833</u></u>	<u><u>412,896</u></u>
Liabilities			
Current liabilities			
Borrowings	11	250,000	50,000
Trade and other payables	12	224,281	145,102
Income tax payables		7,308	7,308
		<u>481,589</u>	<u>202,410</u>
Non-current liabilities			
Employees' benefit obligations	13	2,842	7,184
Deferred tax liabilities		59,826	59,826
		62,668	67,010
Total liabilities		<u>544,257</u>	<u>269,420</u>
Net assets		<u><u>43,576</u></u>	<u><u>143,476</u></u>
Equity			
Share capital	14	76,090	76,090
Share premium	15	21,489	21,489
Revenue reserve	16	(54,003)	45,897
Total equity		<u><u>43,576</u></u>	<u><u>143,476</u></u>

The financial statements and accompanying notes were approved by the Board of Directors on 24 October 2017 and signed on its behalf by:

Oputa Nwabueze
 Managing Director

FRC/2016/PCNNG/00000014451

Owolabi Reuben Olusanya
 Financial Controller

FRC/2013/ICAN/00000001664

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MORISON INDUSTRIES PLC
STATEMENT OF CHANGES IN EQUITY(UNAUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

3

	Notes	Share Capital N'000	Share Premium N'000	Revenue Reserve N'000	Total Equity N'000
Balance at 1 January 2016		76,090	21,489	124,482	222,061
Comprehensive income for the period:					
Loss for the period		-	-	(78,585)	(78,585)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(78,585)	(78,585)
Transactions with owners recorded directly in equity					
Dividends to equity holders		-	-	-	-
Total transactions with equity owners		-	-	-	-
Balance at 31 December 2016		76,090	21,489	45,897	143,476
Balance at 1 January 2017		76,090	21,489	45,897	143,476
Comprehensive income for the year					
Loss for the year		-	-	(99,900)	(99,900)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(99,900)	(99,900)
Transactions with owners, recorded directly in equity					
Dividends to equity holders		-	-	-	-
Total transactions with equity owners		-	-	-	-
Balance at 30 September 2017		76,090	21,489	(54,003)	43,576

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MORISON INDUSTRIES PLC

STATEMENT OF CASH FLOW (UNAUDITED)

4

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	SEPT 2017 N'000	SEPT 2016 N'000	31ST, DECEMBER 2016 N'000
Net cash flow from Operating Activities	434	4,868	5,599
Net cash flow from Investing Activities	2,273	(10,586)	(33,086)
Net cash flow from Financing Activities	-	(382)	20,845
Cash and Cash equivalent for the year	2,707	(6,100)	(6,642)
Cash and cash equivalent at the beginning of the year	1,521	8,163	8,163
Cash and cash equivalent at the end of the year/period	4,228	2,063	1,521



MORISON INDUSTRIES PLC
FINANCIAL STATEMENTS, 30 SEPTEMBER 2017 (UNAUDITED)
NOTES TO THE FINANCIAL STATEMENTS

	SEPT 2017			SEPT 2016		
	Revenue N'000	Cost of sales N'000	Gross profit N'000	Revenue N'000	Cost of sales N'000	Gross profit N'000
1. Revenue and Profit						
Analysis by activities:						
Pharmaceuticals	58,509	40,238	18,271	12,777	10,363	2,414
LMP-Agro-Allied	-	-	-	-	-	-
LMP-Consumers	39,191	22,769	16,422	72,048	45,438	26,610
Others/Contracts	33,516	20,099	13,417	27,427	7,977	19,450
	<u>131,216</u>	<u>83,106</u>	<u>48,110</u>	<u>112,252</u>	<u>63,778</u>	<u>48,474</u>
2. <u>Cost of sales</u>				2017		2016
Cost of sales includes:				N'000		N'000
Materials consumed				61,456		45,334
Production salaries and wages				10,617		7,281
Repairs and maintenance				6,907		3,192
Electricity				2,118		2,431
Depreciation of property, plant and equipment				1,691		1,655
Obsolete and damaged inventory written off				98		-
Office expenses				219		3,885
				<u>83,106</u>		<u>63,778</u>
3 <u>Distribution expenses</u>				N'000		N'000
Advertisement and Tender Expenses				6,761		1,618
Discount allowed and commission				74		829
Salaries, bonuses and commission				12,329		11,342
Transportation and Travel Expenses				4,404		1,458
				<u>23,568</u>		<u>15,247</u>
4 <u>Operating expenses</u>				N'000		N'000
Audit fees				1,500		1,500
Salaries and wages				13,226		21,304
Provision for trade receivables				-		-
Provision for other receivables				-		-
Bank charges				1,817		220
Depreciation on property, plant and equipment				16,175		15,118
Depreciation on leased assets				-		-
Directors' emoluments				7,836		3,646
Directors' fees				525		450
Electricity				895		1,035
Unrealised foreign exchange loss				720		6,972
Insurance, licence and fees				1,814		1,603
Computer expenses				668		641
Land use charges				317		317
Office expenses -Note 6('c)				8,381		8,183
Postages and telephones				1,758		1,374

	2017 N'000	2016 N'000
Professional fees	1,072	517
Rent and rates	660	730
Repairs and renewals- Offices & premises	6,026	2,850
Oil and gas	4,243	2,143
Analytical & NAFDAC Charges	3,014	1,088
Secretariat expenses	7,437	5,369
Security expenses	1,885	1,761
Vehicle running expenses	6,179	3,832
Back Duty Tax Exps	-	5,841
	<u>86,148</u>	<u>86,500</u>
5 Other operating income		
(a) This comprises:	N'000	N'000
Bad debts recovered	187	780
Sales of empty drums and scraps	479	
Rental and freight	8,734	4,078
Profit on disposal of property, plant and equipment	-	430
Obsolete materials sold	-	-
	<u>9,400</u>	<u>5,288</u>
6 Finance income/ expenses	N'000	N'000
(a) Finance income	<u>814</u>	-
Finance expenses comprise:		
Interest on finance lease	0	0
Interest on borrowings	(48,508)	(6,881)
Net finance expenses	<u>(47,694)</u>	<u>(6,881)</u>
(b) Directors	N'000	N'000
The aggregate emoluments of the Directors were:		
Fees	525	450
Other emoluments	<u>7,836</u>	<u>8,266</u>
	<u>8,361</u>	<u>8,716</u>
(c) Office expenses		
Canteen expenses	3,100	2,501
Subscriptions	1,165	838
Recruitment expenses	236	109
Newspaper & magazines	16	68
Printing & stationery	1,715	1,979
Staff welfare	1,724	2,485
Training expenses	<u>425</u>	<u>203</u>
	<u>8,381</u>	<u>8,183</u>



Continuation Sheet

7 Property, plant and equipment

	Leasehold land and buildings N'000	Plant, machinery and equipment N'000	Computer equipment N'000	Motor Vehicles N'000	Capital work in progress N'000	Total N'000
Cost						
At 1 January 2016	325,000	29,922	2,227	45,500	46,976	449,625
Additions	-	3,833			30,003	33,836
Disposals	-			(2,195)		(2,195)
Reclasifications	58,320	14,006	-	-	(72,326)	-
At 31 December 2016	383,320	47,761	2,227	43,305	4,653	481,266
At 1 January 2017	383,320	47,761	2,227	43,305	4,653	481,266
Additions	-	1,798		12,600	820	15,218
Disposals	-					-
Transfer from leased assets						-
Reclasifications						-
At 30 September 2017	383,320	49,559	2,227	55,905	5,473	496,484
Accumulated depreciation						
At 1 January 2016	55,913	14,661	2,131	37,222	-	109,927
Charge for the year	15,473	3,631	83	3,949		23,136
On disposals				(1,874)		(1,874)
Transfer from leased assets				2,273		2,273
At 31 December 2016	71,386	18,292	2,214	41,570	-	133,462
At 1 January 2017	71,386	18,292	2,214	41,570	-	133,462
Charge for the period	12,729	3,251	13	1,872	-	17,865
Disposals	-	-	-	-	-	-
Transfer from leased assets	-	-	-	-	-	-
At 30 September 2017	84,115	21,543	2,227	43,442	-	151,327
Impairment						
At 1 January 2016	-	375	-	-	-	375
Impairment	-	-	-	-	-	-
At 31 December 2016	-	375	-	-	-	375
At 1 January 2017	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30 September 2017	-	-	-	-	-	-
Carrying amounts at:						
30 September 2017	N299,205	N28,016	N0	N12,463	N5,473	N345,157
31 December 2016	N311,934	N29,094	N13	N1,735	N4,653	N347,429



Continuation Sheet

	30/9/2017	31/12/2016
	N'000	N'000
8. Inventories		
Raw materials	38,292	10,942
Finished goods	<u>28,644</u>	<u>30,392</u>
	66,936	41,334
Provision for obsolete inventory	<u>(6,246)</u>	<u>(6,246)</u>
	<u>60,690</u>	<u>35,088</u>

(a) No inventory was pledged as security for borrowings.

	N'000	N'000
9. Trade and other receivables		
Trade receivables	123,051	70,778
Provision for trade receivables	<u>(62,513)</u>	<u>(62,513)</u>
	60,538	
Total financial assets other than cash and cash equivalents classified as loans and receivables.		8,265
Other receivables and prepayments	51,358	20,593
Deposit for Import of Raw Mat & Medical Products	<u>65,862</u>	
	<u>177,758</u>	<u>28,858</u>

	N'000	N'000
(a) Provision for trade receivables		
Balance at the beginning of the year	62,513	61,676
Provision for the period	-	-
Write off during the period	-	<u>837</u>
	62,513	<u>62,513</u>

Trade receivables represents receivables from customers for goods sold and other trading services rendered to them. Trade receivables are stated at amortised cost as at the statement of financial position date.

	N'000	N'000
(b) The age analysis of trade receivables is as follows:		
Past due < 90days	48,531	2,463
Past due 90-180 days	8,079	3,186
Past due 180-360 days	3,927	2,616
Past due 360days and above	<u>62,513</u>	<u>62,513</u>
	<u>123,050</u>	<u>70,778</u>

(c) The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

	N'000	N'000
Neither past due nor impaired	60,537	8,265
Past due but not impaired	-	-
Collectively impaired	<u>62,513</u>	<u>62,513</u>

	N'000	N'000
(d) Other receivables and prepayments:		
Staff receivables	1,334	711
Withholding tax receipts	13,132	11,703
Withholding tax receivables	13,150	12,654
Other receivables	<u>8,418</u>	<u>1,157</u>
	36,034	26,225
Prepayments	<u>15,324</u>	<u>1,565</u>
	<u>51,358</u>	<u>27,790</u>

	N'000	N'000
(f) Prepayments		
Rates	106	0
Insurance and Professional fees	<u>15,218</u>	<u>1,565</u>
	<u>15,324</u>	<u>1,565</u>

	N'000	N'000
10. Cash and cash equivalents		
Cash and cash equivalents comprise:		
Cash at bank	3,896	1,517
Cash in hand	332	4
Cash and cash equivalents for the purpose of cash flows	<u>4,228</u>	<u>1,521</u>



Continuation Sheet

11. Borrowings	N'000	N'000
(a) The book value and fair value of borrowings are as follows:		
Balance at the beginning of the year	50,000	20,000
Additions during the year	205,000	30,000
Repayments during the year	(5,000)	-
	<u>250,000</u>	<u>50,000</u>
Balance at the end of 30/9/2017		

(b) In 2016, the closing balance of commercial paper obtained from Palm Services Limited was N40 million. Additional N5million was obtained in 2017, payable over 90 days with effect from date of draw down. The N5 Million CP has been paid back.
The facility attracts the following conditions:
i) Interest rate of 18.5% per annum
ii) No collateral was obtained as the commercial papers were obtained from Palm Services Limited, a related Company to Morison Industries Plc.

In 2016, N10million loan in form of commercial papers were obtained from Engineer Charles Osezua payable over 90 days, the loan is still outstanding.

The facility attracts the following conditions:

- i) Interest rate of 18.5% per annum
- ii) No collateral was obtained as the commercial papers were obtained from Engineer Charles Osezua, a Director in Morison Industries Plc.

In April 2017 N200 Million loan was obtained from AMC Multipurpose Ventures Ltd at interest rate of 30% p.a for 180 days to be paid back from proceeds of rights issue.

12. Trade and other payables	N'000	N'000
Trade payables	67,608	35,503
Other payables	57,116	91,581
Due to related company	9,800	9,800
Total financial liabilities, excluding loans and borrowings, classified as financial	<u>134,524</u>	<u>136,884</u>
	<u>134,524</u>	<u>136,884</u>

(a) Other payables	N'000	N'000
Finance lease obligations	-	-
Unclaimed dividend	5,632	5,632
Accruals		
Pension payable	29,685	24,226
Rent received in advance	10,279	13,733
Advance deposit by customers	736	3,558
Other payables	10,784	2,812
	<u>57,116</u>	<u>49,961</u>

(b) Finance lease obligations	N'000	N'000
Balance at the beginning of the year	-	381
Additions	-	-
Repayments	-	(381)
	<u>-</u>	<u>-</u>
Balance at the end of 30/9/2017		

The Company has the option to buy the leased assets at the end of the lease term; the fair value at the same date will be nil.

(c) Accruals	N'000	N'000
Wages	6,428	3,930
Sundry accruals	21,576	23,815
Audit fees	3,300	2,300
Secretarial Exps	558	1,548
Directors' fees	3,297	2,772
Interest expense	44,909	7,255
	<u>80,068</u>	<u>41,620</u>

(d) Pension payable	N'000	N'000
Balance at the beginning of the period	24,226	19,328
Contributions for the period	6,285	7,626
Remittances	(826)	(2,728)
Balance at the end of the period	<u>29,685</u>	<u>24,226</u>

The Company operates a defined contributory pension scheme for eligible employees. Both employer and employees contribute 10% and 8% respectively of the employees' basic, housing and transport allowances in line with the provisions of the Pension Reform Act, 2014 (as amended).

(e) Other payables-tax	N'000	N'000
Value Added Tax	4,611	4,347
Withholding Tax	2,643	2,569
PAYE	2,435	1,302
	<u>9,689</u>	<u>8,218</u>

13 Employees' benefits obligations	N'000	N'000
Balance at the beginning of the year	7,184	20,780
Provision for the year	-	-
Payments during the year	(4,342)	(13,596)
Balance at the end of 30/9/2017	<u>2,842</u>	<u>7,184</u>

14 Share capital	N'000	N'000
Authorised		
Value		
Ordinary shares of N0.50 each	<u>N100,000</u>	<u>N100,000</u>
Number		
Ordinary shares of N0.50 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
Value		
Ordinary shares of N0.50 each	<u>N76,090</u>	<u>N76,090</u>
Number		
Ordinary shares of N0.50 each	<u>152,180</u>	<u>152,180</u>

15 Share premium		
Balance at the beginning and end of the year	<u>21,489</u>	<u>21,489</u>

16 Revenue reserve	N'000	N'000
Balance at the beginning of the year	45,897	124,482
Transfer from statement of comprehensive income	(99,900)	(78,585)
Balance at the end of 30/9/2017	<u>(54,003)</u>	<u>45,897</u>