ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021


FanIce
Enjoy The Taste Of Freedom
FanIce
Vanilla Flavoured Ice Cream
Crème Glacée à la Vanille
Limited Edition
Still so nice!
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CONTENTS


CALCIUM
POWER PACKED
FAN
FanMilk
FanYogo
STRAWBERRY
Flavoured Yoghurt
SO COOL.
SO GOOD.

CORPORATE INFORMATION

BOARD OF DIRECTORS	Charles Mensa (Dr.)	Chairman
	Ziobeieton Yeo	Managing Director
	George H. Okai Thompson	Non-Executive Director
	Peace Ayisi-Okyere	Non-Executive Director
	Fen Wei Chin	Non-ExecutiveDirector (Appointed on 7 April 2021)
	Frédéric Leblan	Non-Executive Director (Resigned on18 March 2021)
SECRETARY	Lennap & Co. P.O. Box 37 Accra	
SOLICITOR	Quist, Brown, Wontumi & Associates P.O. Box 7566 Accra	
REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS	No.1 Dadeban Road North Industrial Area Accra	
INDEPENDENT AUDITORS	Mazars Chartered Accountants and Business Advisors Nos. 7 & 9 Nyame Adom Courts Adonai Lane, Ajiringanor, East Legon, Accra. PMB LG DTD 20014, Accra. P. O. Box GP 2957, Accra C000454711X GD-165-5957	
REGISTRAR & TRANSFER OFFICE	NTHC Limited Martco House P.O. Box 9563 Airport Accra	
BANKERS	Ecobank Ghana Limited Societe Generale Ghana Stanbic Bank Ghana Limited	
COMPANY REGISTRATION NUMBER	PL000761120	
TAXPAYER IDENTIFICATION NUMBER	C0002890208	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-First Annual General Meeting of FAN MILK PLC will be held virtually and streamed live on https://www.fmlagm.com from the Accra City Hotel, Accra on Friday, June 17, 2022 at 11.00 GMT to transact the following business:

Agenda:

1. To receive the Report of the Directors, the Financial Statements as at December 31, 2021 and the Report of the Independent Auditors thereon.

2. To re-elect as a Director, Dr. Charles Mensa

3. To fix the remuneration of the Directors

4. To authorize the Directors to fix the remuneration of the Auditors

Dated this 11th day of May, 2022

By Order of the Board

Lennap and Company

Company Secretary

Notes:

i. In compliance with the current restrictions on public gatherings in force pursuant to the imposition of Restrictions Act, 2020 (Act 1012) and consequent Regulatory Directives, attendance and participation by all members and/or their proxies in this year's Annual General Meeting of the Company shall be strictly virtual (i.e. by online participation) .

ii. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of the Company.

iii. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation). Where a member attends the meeting in person (participates online), the proxy appointment shall be deemed to be revoked.

iv. A copy of the Form of Proxy can be downloaded from https://www.fmlagm.com and may be filled and sent via email to: registrars@nthc.com.gh or deposited at the registered office of the Registrar of the Company, **NTHC, MARTCO HOUSE, D542/4, Okai Mensah Link, Off Kwame Nkrumah Avenue, Adabraka, Accra and Postal address as P. O. Box, KIA 9563, Accra** to arrive no later than 48 hours before the appointed time for the meeting.

v. The 2021 Audited Financial Statements can be viewed by visiting https://www.fmlagm.com.


FanYogo
Shine your Hustle
Blow Your Horn
"Designer, manufacturer and distributor of deep fried ovoid-shaped dough balls."
FanYogo
FAN
FanMilk

REPORT OF THE DIRECTORS
TO THE MEMBERS OF FAN MILK PLC

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2021, which discloses the state of affairs of Fan Milk Plc (the "Company")

Statement of Directors' responsibilities

The Directors are responsible for the preparation and fair presentation of the financial statements, and other explanatory notes in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants Ghana (ICAG) mandated by the ICAG Act, 2020 (Act 1058), and in a manner required by the Companies Act, 2019 (Act 992), and other national regulations where appropriate.

In preparing these financial statements, the Directors confirm that suitable accounting policies have been used and consistently applied; and that judgements and estimates made, are reasonable and prudent and followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 2019 (Act 992).

The Directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for ensuring that the company complies with the laws and regulations applicable to its activities and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that may occur.

The above statements which should be read in accordance with the auditor's report set out on page 9 to 13 are made with a view to distinguishing for shareholders the respective responsibilities of the Directors and the Auditor in relation to these financial statements.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Principal activity

The principal activity of the Company is the manufacture, production and distribution of recombined milk and other dairy products as well as to carry on the business of sellers and dealers in recombined milk and other dairy products and other preserved provisions both wholesale and retail.

Holding Company

Fan Milk International A/S, incorporated in Denmark is the majority shareholder of Fan Milk Plc with 62.11% shareholding. Fan Milk International A/S is a wholly-owned subsidiary of Danone S.A since July 30, 2019 when Danone S.A. directly increased its stake in Fan Milk International A/S from 51% to 100%.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF FAN MILK PLC (continued)

Donations and Charity

In line with the company's stakeholder engagement, we complied with the Danone gift and donation policy. We distributed company products for the Christmas and New Year season to various stakeholders the company interacted with during the year.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the

Company will continue in operational existence for the foreseeable future. This means in particular that the statement of profit or loss and other comprehensive income and the statement of financial position assume no intention or necessity to either liquidate the Company or curtail significantly the scale of its operations. It further presumes that funds will be available to finance activities of the Company and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Events after the Reporting period

The Directors confirm that no events have arisen after 31 December 2021, which affect the financial statements for the year ended on that date.

However, since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

The company has however put in place contingency plan to mitigate the impact of the pandemic on business operations, ensure business continuity as well as safety of staff and clients.

The company has determined that there is no significant doubt about the entity's ability to continue as a going concern. Consequently, these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 have not been adjusted to reflect their impact.

Dividends

The Directors do not recommend payment of dividend for the year ended 31 December 2021.

Performance on the stock market

The price of the Company's shares did well on the Ghana Stock Exchange in 2021. It appreciated by about 270% from GH¢1.08 in January 2021 to GH¢4.00 per share by 31 December 2021.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF FAN MILK PLC (continued)

Financial Results

The financial results of the Company for the year ended 31 December 2021 are set out below:

	2021	2020
	GH¢'000	GH¢'000
(Loss)/Profit for the year before Tax is	**(20,873)**	799
From which is deducted Income Tax Credit/(Expense) of	**7,443**	(285)
	----------	----------
Giving (Loss)/Profit after Tax of	**(13,430)**	514
To which is added balance on Retained Earnings		
Account brought forward of	**250,105**	249,591
	------------	------------
Leaving a balance to be carried forward On the Retained Earnings Account of	**236,675**	250,105
	=======	=======

The company's net assets decreased from GH¢ 260.1 million as at 31 December 2020 to GH¢ 246.7 million as at 31 December 2021.

Capital expenditure

During the year ended 31 December 2021, an amount of GH¢47.19 million (2020: GH¢22.8 million) was spent on acquiring additional intangible assets and property, plant and equipment to support the Company's operations.

Key among these assets are:

Factory / Plant

- Wastewater Treatment Plant
- Ice Cream Machine
- Compressor
- Biomass
- Fire Protection and Detection System

Supply Chain

- Digitization in Supply Chain
- Jumbo Crates

Sales

- Display Freezers

Administration

- Other IT/IS items
- Head Office Relocation to the Factory

REPORT OF THE DIRECTORS
TO THE MEMBERS OF FAN MILK PLC (continued)

Quality Certifications

In 2021, the company retained its Food Safety Systems Certificate validity, demonstrating a robust and effective food safety management system per international standards. It also achieved a renewal of the Ghana Food and Drugs Administration (FDA) Manufacturing Facility License Certificate, showing adherence to local standards for food manufacturing.

Internally, within the Danone Group, Fan Milk Plc attained an 'excellent' score in the Pre-Requisite Programs (PRP) audit, a food safety-specific assessment of its compliance with regards to hygienic conditions and good manufacturing practices necessary for the production, handling and provision of food.

Capacity building of Directors

During the year ended 31 December 2021, no formal training was organised for the Directors by the Company.

Interest of Directors

During the year ended 31 December 2021, no significant or material contract was entered into by the Company in which Directors of the Company had an interest which significantly or materially affected the business of the Company.

Remuneration of executive and non-executive Directors

The remuneration of Directors of the Company is disclosed in the accompanying financial statements under key management personnel in Note 25.

Audit fees

Audit fee for the year ended 31 December 2021 is GH¢ 228,600.

Acknowledgement

The Board of Directors wish to express their sincere appreciation to shareholders, customers, distributors, agents, vendors, management, and staff for their invaluable contributions in the operations of the Company in 2021. Also, the Board of Directors wishes to express their appreciation to Mr. Frédéric Leblan, a Non- Executive Director who resigned from the Company on March 18, 2021. We wish him well in his future endeavours.

BY ORDER OF THE BOARD:

Dr. Charles Mensa

(Name of Director)

(Signature)

Date: 29 March 2022

Ziobeieton Yeo

(Name of Director)

(Signature)

Date: 29 March 2022


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Yoghurt
GOODNESS ANY DAY.
DANONE
NutriDay
Fortified
SWEETENED YOGHURT
DANONE
NutriDay
Fortified
STRAWBERRY FLAVOURED
YOGHURT
ENRICHED WITH ESSENTIAL NUTRIENTS
SOURCE OF
ZINC
DANONE
FAN
FanMilk

MANAGING DIRECTOR'S REVIEW

Introduction

Distinguished shareholders, ladies and gentlemen, I feel greatly honoured to welcome you to our virtual Annual General Meeting (AGM). In 2020, COVID 19 compelled us to have a virtual AGM for the first time. It was repeated in 2021and this year since COVID 19 is still lurking around, we believe it is still most appropriate to have our AGM virtual to satisfy a very important statutory duty. I present to you the management review of our operations for the year ended 31 December 2021.

The year 2021 was seen by many industry players as a recovery year for businesses, having been challenged in the beginning of COVID 19 in the year 2020. With resilience and focus, your business was able to post a respectable revenue growth of 25.3% compared to prior year. However, due to a major reorganization exercise geared towards shaping the business for growth, post COVID, the business recorded a net loss of GHS 13.4 million.

Customer Service Development:

In the past year, we channeled our efforts into improving and expanding our route to market to ensure physical availability of our products to the customers. I am glad to share some update with you on the progress made.

We added 6 more Key Distributors to our base in 2021 bringing our total KDs to 26. This is to significantly improve product availability and visibility in key channels like neighborhood groceries and OMCs. This partnership is anticipated to improve our service levels in those outlets in 2022.

Strengthening our Core Agent Base to expand our footprint in the Outdoor channel remains a priority to us. In 2021, we recruited 133 new Agents and revamped our Trade term from a fixed to variable payout, aimed at driving sales performance. To drive retention of vendors, we amended our Incentive scheme "Work & Win" to continue to reward committed vendors.

In our drive to improve customer service delivery, we consolidated the Sales Team re-organization last year. This involved restructuring the Sales team to make it more fit for purpose. The new Sales organization started operations last year and will serve as the engine of growth for us. Our goal is to have a high performing, results-driven Sales organization. We will be intensifying our training programs to improve capability and upgrade the skills of the sales team and extend it to cover our KD van salesmen and vendors.

Digitization for efficiency continues to remain focal point in our strategy. Our Sales automation infrastructure remains the bedrock for insights to drive business decision making. Last year, we accelerated indoor automation with a 100% utilization. Outdoor usage also grew its utilization to 90%.

Portfolio & Product Innovation

In line with Fan Milk Plc business objectives to return the business to sustained growth in 2021, we focused on our products portfolio, innovation, and renovation.

In 2021, we continued to leverage on innovation as a key growth vehicle to champion the recovery for all categories as well as help us evolve our brands' relevance in the lives of our consumers, especially in a time where COVID 19 continues to pose significant challenges to the health of consumers and our business.

Considering this, we launched NutriDay fortified yoghurt in Ghana in drinkable formats for all. NutriDay yoghurt is fortified with Zinc, which is extremely crucial in the COVID 19 era where consumers are constantly looking for products that support their immune system.

In the same year, we successfully launched Double Treat, a FanIce two-in-one flavour,to accelerate ice cream growth; one of our 2021 priorities. Double Treat continues to see great success with both variants and its sales are driving business growth.

Operating and Financial Review:

Fan Milk Plc posted a growth in revenue of 25.3% compared to prior year. This strong growth came from recovery of its outdoor business and increase in export business to affiliated companies. Within the year under review, higher material prices dipped the gross profit margin from almost 32% in 2020 to 26% in 2021. Administrative expenses rose sharply compared to the previous year by 49%. This was due to restructuring costs that occurred in the second half of the year. This necessary restructuring plan is aiming at ensuring that our operations are leaner and more agile in the light of new post- covid environment.

Profit before tax dropped from almost GH¢ 0.8m in 2020 to a loss of GH¢20.87 in 2021. The year recorded a net loss of GHS 13.4m compared to profit after tax of GH¢0.5m in 2020.

MANAGING DIRECTOR'S REVIEW (continued)

Cash Flow:

Cash and cash equivalent increased from GHS 54.0m in 2020 to GHS65.6m in 2021.

Investment

The company is ensuring that it is investing in efficient processes and facilities which will propel it to meet customers' and consumers' needs, thus delivering our ambitious growth agenda. In line with this, an investment of GHS 47.19 million was undertaken within the year under review. Areas invested included: Industrial, Supply Chain, Sales and Administration& Information System Support.

Pick-It Sorting Centre

The pick it projects after review has brought simplest model driven by our partner E360 an NGO which has been the co- creator in 2017. The group of waste pickers have been extended to other locations outside of Tema- New town. The operations are supervised by the NGO with defining KPIs to the different groups of waste pickers; the NGO also oversees the recyclers.

Collaborating with our stakeholders on environmental topics

Over 28 years the partnership between Fan Milk Plc and GNASBA (Ghana National Scholarship Beneficiaries Association) is still ongoing through the different channels to sensitize on Danone One Planet and One Health ambition. A tree planting campaign was drawn out in 2021 in Kumasi and Eastern region consisting of 2000 units to contribute to the protection of the planet.

Through the Fan Choco Caravan, a campaign for healthy snack has been driven into one hundred basic schools. Through this, about 125,000 basic school pupils were educated on the benefits for healthy snacking, sanitation best practices and hygiene. One hundred dustbins were also distributed.

Wastewater Treatment Plant

As part of Danone's One Health, One Planet business agenda, Fan Milk Plc installed and commissioned its new wastewater treatment plant in November 2021. This is designed to treat 4300kg of COD load per day.

The plant currently treats 100% effluent from Factory operations. The acquisition cost is GHS 33.5million.
The key objective of the new Wastewater Treatment Plant is to meet the specific standards of the Ghana Standards Authority and Environmental Protection Agency – Requirement for Effluent Discharge (GS1212-2019) and to:

(i) ensure a 100% production liquid waste treatment before discharging to public drain. The.

treatment plant has a capacity equivalent to an annual production output of 240,000 tons.

(ii) sustain or reduce the impact on the immediate receiving media in the environment.

(iii) enhance the brand image of the business.

Averagely, the plant treats 3,500kg load of COD per day representing a removal efficiency of 98%

and discharges 395 cubic meter of treated water daily back into the environment.

Carbon Emission

The business continues to use Green Track tool to assess its Scope 1, 2 and 3 emissions and to

track its progress against 2050 carbon footprint target.

During the year under review, the total scope 1 and 2 emissions reduced from 86 TCO2 eq in 2020

to 77 TCO2 eq. for 2021 fiscal year. A reduction of 10.5% based on 2020 data.

MANAGING DIRECTOR'S REVIEW (continued)

Award

In 2021, Fan Milk Plc gained a lot of recognition for its contribution and positive impact on the social and economic welfare of consumers and society. The business contributions were recognized in several industry awards schemes within the year under review.

The Managing Director was honored with Ghana's Most Respected CEO at the Ghana Industry CEO Awards. I am also to contribute to the next generation of management by mentoring the Emy-Fan Milk Plc business-for-good award winner.

At the 2021 Marketing Awards in Ghana, industry players again honored me with the 'Captain of Industry with the Most Outstanding Contribution to Marketing' award. All these awards were received on behalf of you our cherished shareholders.

At the end of 2021, 39 employees and former staff of Fan Milk Plc were honored with various exciting awards and items at the End of Year Camaraderie Night event.The awards and end-of-year event form part of Fan Milk Plc's efforts to energize and celebrate the achievements of the team and departments over the past twelve months.

In the same year, the business also rewarded 406 Trade Partners for their contribution to the business' growth by taking part in the '*Akyede Kese* Reloaded' Promo.

Once again, we are very grateful to you our shareholders for your support and trust in us to manage this iconic business to create value for all stakeholders.

I thank you for your attention.

Ziobeieton Yeo
Managing Director


FanIce
Strawberry flavour
now in a bigger pouch.
Taste Freedom
FanIce
Strawberry Flavoured Ice Cream
Crème Glacée à la Fraise
FanIce
Vanilla Flavoured Ice Cream
Crème Glacée à la Vanille
Also available in Vanilla 180ml pouch
Still so nice!

CORPORATE GOVERNANCE

Introduction

The Company is committed to the principles and implementation of good corporate governance. The Company recognises the valuable contribution that it makes to long-term business prosperity and to ensuring accountability to its shareholders. The Company is managed in a way that maximises long term shareholder value and considers the interests of all of its stakeholders.

The Company believes that full disclosure and transparency in its operations are in the interests of good governance. As indicated in the statement of responsibilities of Directors and notes to the accounts, the business adopts standard accounting practices and ensures sound internal control to facilitate the reliability of the financial statements.

The Board of Directors

The board is responsible for setting the Company's strategic direction, for leading and controlling the Company and for monitoring activities of executive management. The board presents a balanced and understandable assessment of the Company's progress and prospects.

The board consists of the Chairman, three Non-Executive Directors and one Executive Director (which is the Managing Director). The board members, except the Managing Director, are independent of management and free from any constraints, which could materially interfere with the exercise of their independent judgement. They have experience and knowledge of the industry, markets, financial and other business information to make a valuable contribution to the Company's progress. The Managing Director is a separate individual from the Chairman who implements the strategies and policies adopted by the board. The board meets at least four times each year.

The Audit Committee

The audit committee as a sub-committee of the Board is made up of two Non-Executive Directors chaired by Dr Charles Mensa and meets twice a year. The main board determines its terms of reference, and they report back to the board.

The role of the Audit Committee among others includes providing oversight of the independence of financial reporting process and objectivity of the external auditor, internal financial process, compliance with laws and regulations and the safeguarding of assets.

During the period under review, the committee met on 26 February 2021 and 25 November 2021

External Audit

In accordance with the Companies Act 2019, Act 992, the Company at its Annual General Meeting appointed Mazars Ghana as its new auditors to replace PricewaterhouseCoopers, who has spent more than six years as auditors.

Mazars was at the audit committee meeting held on November 25, 2021, to share their audit plan which included objectives of the audit, audit approach, responsibilities of the Directors and the auditor, audit scope and reporting timetable for the year ended 31 December 2021.

At the March 4, 2022, Audit Committee meeting, Mazars presented their observations and matters arising from their audit of the financial statements for the year ended 31 December 2021 to the committee members.

The Audit Committee is satisfied that the external auditor is independent of the Company.

CORPORATE GOVERNANCE (continued)

Systems of Internal Control

The Company has well-established internal control systems for identifying, managing, and monitoring risks. These are designed to provide reasonable assurance that the risks facing the business are being controlled.

The internal audit function of the Company plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal control are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined.

Code of Business Ethics

Management has communicated the principles in the Company's Code of Conduct to its employees in the discharge of their duties. This code sets the professionalism and integrity required for business operations which covers compliance with the law, conflicts of interest, environmental issues, obligations of business partners, reliability of financial reporting, bribery and strict adherence to the principles so as to eliminate the potential for illegal practices. Danone has developed a mandatory Compliance E-learning programme through its training portal for all employees and a certificate is delivered to all who participated in the training.

Conflict of Interest

The Company, as part of its progressive steps to ensuring that there is no abuse of authority in the discharge of duties by the Directors, ensures full disclosure of Directors with regards to their relationship with other competitors by virtue of other Directorships held as well as other business engagements. With regards to internal dealings, none of the Non- Executive Directors has placed himself or herself in situations that give rise to conflict of interest by virtue of being awarded a contract or taking up any significant role(s) in the general operations of the business.


NEW
FanIce
Double Treat!
STRAWBERRY + VANILLA
FanMilk
FanIce
Vanilla & Strawberry
Vanille & Fraise
2 litre
Still so nice!
Grab a Double Treat Here!

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FAN MILK PLC

Opinion

We have audited the financial statements of Fan Milk Plc, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes as set out on pages 18 to 47.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of Fan Milk Plc as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Ghana Companies Act, 2019 (Act 992).

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), the independent requirements of section 143 of the Companies Act, 2019 (Act 992) and Mazars Code of Conduct for Objectivity and Independence (CCOI), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the CCOI. We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be a key audit matter to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FAN MILK PLC (continued)

Key Audit Matters (continued)

Key Audit matters	How these matters were addressed in the audit
Impairment of Trade Receivables GHS4.009m Gross trade receivable as at the end of December 31st, 2021 was Ghs32.255m out of which an impairment loss allowance of Ghs4.009m was recognized.	We evaluated the design and tested the operating effectiveness of management's controls over trade receivables process including recording of credit sales, approval of credit limits and dunning.
Management applied a simplified approach (Provision matrix) to determine the impairment loss allowance which is based on expected credit loss (ECL).	We circularized selected trade receivables amounts for direct confirmation of the existence and amount stated as trade receivable balances.
In applying the provision matrix, management estimates the ultimate write offs for a defined population of trade receivables. Collection of these receivables are then analysed by time buckets. A loss ratio is calculated by dividing the ultimate write off by the amounts outstanding in each time bucket. The ratio is adjusted with forward looking information such as inflation.	We agreed the historical write-offs and the trade receivable time buckets used in the ECL calculation to historical data. The forward-looking information used in the ECL calculation was also agreed to observable macroeconomic data.
Management exercises significant judgements in the determination of default, period selected in assessing historical loss rates and the selection of forward-looking information.	We assessed the appropriateness of assumptions and judgements made by management around the definition of default to the nature of forward-looking information, the weights assumed in adjusting loss ratio with forward looking information and the period used in assessing the historical loss rates.
The determination of the expected credit loss (ECL) is therefore considered as a key audit matter for the company based on the level of complexity and significant management judgement involved.	We recomputed the impairment loss allowance based on the verified inputs and assumptions used by management.
The basis of the provision and critical judgements relating to the calculation of the impairment provision are summarized in notes 3.3, 3.6, 3.7 and 4.3 to the financial statements.	We performed post balance sheet review on selected debtors to assess payments after the balance sheet date and to test recoverability of trade debtors stated at the year end.
The gross trade receivables and related impairment provisions are disclosed in note 15 to the financial statements.	We checked the adequacy of disclosures made in the financial statements for impairments loss allowances.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FAN MILK PLC (continued)

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Report of the Directors, Corporate Governance, Financial highlights, Board of Directors, Shareholding structure, Macro-economic environment and Corporate Social Responsibility but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Management for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and in the manner required by the Ghana's Companies Act, 2019 (Act 992), and for such internal control as the directors determine are necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FAN MILK PLC (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the company and business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i. we have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;

ii. In our opinion, proper books of accounts have been kept by the Company, so far as appears from our examination of those books, and proper returns adequate for the purpose of the audit have been received from branches not visited by us;

iii. the statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is **Roland Bayo Ajetunmobi (ICAG/P/1580).**

For and on behalf of Mazars (ICAG/F2022/)

Chartered Accountants and Business Advisors

Nos. 7 and 9 Nyame Adom Courts, Adonai Lane,

Adjiringanor, East Legon, Accra

PMB LG DTD 20014, Accra

P. O. Box GP 2957, Accra

29 March 2022


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MORE NUTRITION.

BOARD OF DIRECTORS

PROFILE OF BOARD OF DIRECTORS

The Board is responsible for setting the Company's strategic direction, for leading and controlling the Company and for monitoring activities of executive management. The board presents a balanced and understandable assessment of the Company's progress and prospects.

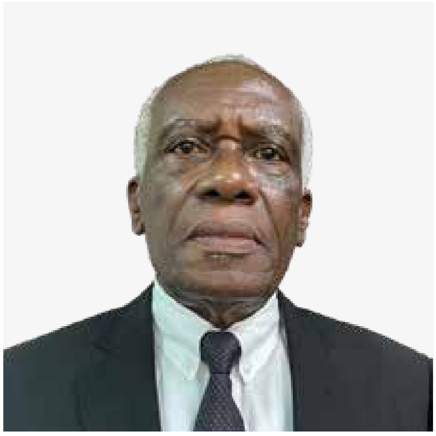
Dr Charles
Mensa
(Chairman)

Dr. Charles Mensa (age 68, Ghanaian) is the founder and Chairman of the Institute of Economic Affairs, Ghana (IEA). He is also the Board Chairman of SAB Miller Ghana Limited and was formerly the Chairman of Barclays Bank Ghana Limited now ABSA Group. Dr. Mensa brings to the board of Fan Milk Plc an extensive experience in leading key industries and in public policy advocacy.

He served as the CEO of Volta Aluminium Company (VALCO), the largest aluminium smelter in sub-Saharan Africa. Prior to assuming the position of CEO in October 2004, he had been the Resident Director of VALCO since joining the company in April 1996. He was also Vice President of the Association of Ghana Industries (AGI), and President of the Ghana Employers Association (GEA).

Dr. Mensa previously worked in the United States of America as a Research Associate at the Centre for Public Choice, George Mason University, and at the International Monetary Fund (IMF). In the United States of America, he obtained a master's degree in Finance from the George Washington University and a PhD in Economics from George Mason University.

Committee Membership: Audit
Other Directorships: Maersk Shipping Company, Quality Care Medical Clinic



George H. O
Thompson
(Non-Executive Director)

George H.O. Thompson (age 71, Ghanaian) B.A. (Hons) LLB (Hons) Barrister-At-Law and Solicitor. He was called to the Ghana Bar in September 1976 and to the Bar of The Gambia in March 1982. He was appointed Assistant State Attorney/Assistant Registrar General and worked at the Registrar General's Department from 1977 to 1980.

He was attached to the U.S. Department of Commerce (Patents & Trademark Office) in 1979 and has been in private law practice since 1980. He was appointed Special Prosecutor by the Government of The Gambia in March 1982 in connection with treason and allied offences. In private practice, he has rendered opinion and advice on a wide range of civil matters such as competition law, banking, corporate, labour, tax and land law to both local and foreign companies. George has acted for Volta Aluminium Company Limited, Westinghouse Electric Corporation, Sanyo Electric Co. Ltd, Maersk Ghana Limited, APM Terminals Ghana Limited, Damco Logistics Ghana Limited, Sky IP International Limited and the Saudi Arabian Embassy in Ghana. He currently runs the law firm of G.H. Thompson & Associates which has a special relationship with the South African intellectual property law firm of Spoor & Fisher.

Committee membership: Audit
Other Directorships: Aviat Networks Ghana Limited.

Peace
Ayisi-Okyere
(Non-Executive Director)

Peace Ayisi-Okyere (Mrs), (aged 75, Ghanaian) was educated at Wesley Girls' High School in Cape Coast, Ghana. She holds an Honours degree in Economics from the University of Ghana, and a Master's in Business Administration (Finance and Accounting option) from the prestigious Babson College in the USA.

Peace started her career from the Ministry of Finance and Economic Planning in 1968, and then rose to the position of Chief Economics Officer and Coordinator for the Ghana Aid Programme. Between 1987 and 1998 she worked with the African Development Bank Group in Abidjan as Advisor and then Executive Director. She contributed to the governance, audit, and operational evaluation of the Group's operations.

From 1999, she played other roles in the public and private sectors in Ghana such as Government Portfolio Manager, and Technical Advisor for Innovation and Entrepreneurship in the Private Sector Ministry. She ensured the good governance of many institutions and corporate bodies through her role as non-executive Director (Barclays Bank, Ghana, Export Development and Investment Fund, Ghana Post, Ghana Re Insurance Company, Injaro Investment and Agricultural Advisory Services). Presently, she is a Consultant on Human Resources including audit, job and workload Analysis.

Committee membership: None
Other Directorships: None

Fen
Wei Chin
(Non-Executive Director)

Chin Fen Wei is an Australian citizen born in 1970. He is a chartered Accountant ACA, from the Institute of Chartered Accountants, Western Australia. He also holds a degree in Bachelor of Business in Accounting from the Curtin University of Technology, Western Australia.

Chin has a brief career life at Unilever China (2004 -2005) where he held the position of Director of Tax, Treasury and Shared Service. He has since been with Danone where he has taken several positions. These include Finance Project Director (Aug 2005 – Mar 2006), Treasury Director (Apr 2006 – Dec 2007), Corporate Finance Director (Jan 2008 – Dec 2009), Finance & IT Director – Baby Nutrition Thailand (Jan 2010 – Aug 2013), Finance Director – Danone Nutricia ELN Indonesia (Sep 2013 – Aug 2018). He is currently the Regional Finance Director – Danone Specialized Nutrition International, Danone, Singapore.

He is a trusted Resource and Business Partner to be in an executive leadership team to inform and influence the strategic decision-making process by delivering strategic finance, M&A, and investment planning insights. He is a Strategic Leader with proven ability to build high-performance Finance teams and to drive cross-functional teams to enhanced performance and team effectiveness.

Committee Membership: None
Other Directorships: Fan Milk Togo, Fan Milk Ivory Coast, Fan Milk Nigeria, Fan Milk International (Denmark), Emidan A/S and Ice Midco A/S both in Denmark.

Ziobeieton
Yeo
(Managing Director)

Mr. Ziobeieton Yeo, (age 46, Ivorian), has significant experience in general management, global marketing, operations, communications, brand development and product management. Mr. Yeo as almost 22 years of experience in different positions in several countries including Cote d'Ivoire, Senegal, Kenya, Ghana and South Africa.

He has held a number of general management, customer development and marketing positions at Unilever, and recently as Managing Director of Unilever Ghana Ltd. Prior to that he was the Managing Director of the 16 countries of Unilever in Francophone West Africa. Before that Mr. Yeo was a Senior Marketing Director for Africa Foods at Unilever in South Africa Durban. He had also spent 3 years in Nairobi Kenya as Senior Marketing Director for Africa for Foods and Oral Care divisions at Unilever Kenya.

Mr. Yeo started his career in advertising in 1999 as Senior Client Account Manager at Ogilvy & Mather, Cote d'Ivoire.

He holds a post graduate degree in Marketing, Communications and General Management from the ESCA Business School in Abidjan. He also studied Business English at Brighton University, in the United Kingdom.

Committee Membership: None
Other Directorships: Fan Milk Togo, Fan Milk Cote D'ivoire, Fan Milk Plc (Nigeria) and Fan Milk International.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AND MORE
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TASTIER
AND MORE
REFRESHING

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

	Notes	2021	2020
Revenue	5	**468,095**	373,578
Cost of sales	6	**(344,818)**	(253,604)
		-------------	-------------
Gross Profit		**123,277**	119,974
Impairment of financial assets	6	**(4,318)**	(2,477)
Distribution costs	6	**(97,136)**	(87,036)
Administrative expenses	6	**(47,807)**	(32,556)
Other income – (net)	7	**5,927**	2,369
		-------------	-------------
Operating (Loss)/Profit		**(20,057)**	274
Finance income	8	**2,513**	2,594
Finance costs	9	**(3,329)**	(2,069)
(Loss)/Profit before income tax		**(20,873)**	799
Income tax credit/(expense)	10	**7,443**	(285)
		-------------	--------
(Loss)/Profit for the year		**(13,430)**	514
Other comprehensive income		**-**	-
		-----------	-----
Total Comprehensive (loss)/ Income		**(13,430)**	514
		======	===
Earnings per share:			
Basic and diluted (GH¢)	26	**(0.116)**	0.004
		======	======

The notes on pages 35 to 60 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

ASSETS	Notes	2021	2020
Non-Current Assets			
Property, Plant and Equipment	11	**191,404**	178,315
Right-of-use-Asset	12	**4,638**	2,793
Intangible Assets	13	**1,031**	1,426
		197,07	182,534
Current Assets			
Inventory	14	**168,083**	94,372
Trade and Other Receivables	15	**131,812**	100,612
Current Income Tax Assets	23	**9,013**	4,713
Cash and Cash Equivalent	17	**65,581**	54,021
		374,489	253,718
TOTAL ASSET		**571,562**	436,252
EQUITY AND LIABILITIES			
Equity			
Stated capital	18	**10,000**	10,000
Retained Earnings		**236,675**	**250,105**
		246,675	260,105
Non-Current Liabilities			
Deferred Tax Liability	19	**1,906**	9,349
Employee Benefit Obligation	20	**217**	284
Lease Liability	12	**3,490**	1,833
Medium -Term Loan	9	**40,000**	-
		45,613	11,466
Current Liabilities			
Lease Liabilities	12	**1,609**	713
Employee Benefit Obligation	20	**93**	39
Trade and other payables	21	**274,571**	160,923
Dividend payable	22	**3,001**	3,006
		279,274	164,681
TOTAL LIABILITIES		**324,887**	176,147
TOTAL EQUITY AND LIABILITIES		**571,562**	436,252

These Financial Statements were approved on behalf of the Board on 29 March 2022 and signed on their behalf;

DIRECTOR

DIRECTOR

The notes on pages 35 to 60 are integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

2021	Stated Capital	Retained Earnings	Total
Balance as at 1 January	**10,000**	**250,105**	**260,105**
Loss for the year	-	**(13,430)**	**(13,430)**
Balance as at 31 December	--------- **10,000** =====	------------ **236,675** =======	------------ **246,675** =======
2020			
Balance at 1 January	10,000	249,591	259,591
Profit for the year	-	514	514
Balance as at 31 December	--------- 10,000 =====	------------- 250,105 =======	------------ 260,105 =======

The notes on pages 35 to 60 are integral part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

Cashflow from Operating Activities	Notes	2021	2020
Cash generated from operations	24	**18,537**	43,446
Interest paid	9	**(3,329)**	(2,025)
Interest received	8	**2,594**	2,513
Tax Paid	23	**(4,300)**	(5,760)
Net cash generated from operating activities		**13,421**	38,255
Cash flow from investing activities			
Purchase of Property, Plant and equipment	11	**(47,032)**	(22,830)
Proceeds from sale of Property, Plant and Equipment	11	**6,168**	1,199
Purchase of Intangible Asset	13	**(161)**	(7)
Net Cash outflow from investing activities		**(41,025)**	(21,638)
Finance activities			
Principal Lease payments	12	**(831)**	(1,596)
Dividend Paid	22	**(5)**	(32)
Medium term loan	9	**40,000**	-
Net cash outflow from financing activities		**39,164**	(1,628)
Increase in Cash and Cash equivalents		**11,560**	14,989
Analysis of Changes in Cash and Cash equivalents during the year			
Balance as at 1 January		**54,021**	**39,032**
Increase in cash and cash equivalent		**11,560**	**14,989**
Balance as at 31 December		**65,581**	**54,021**

Analysis of cash and equivalents as appearing in the Statement of Financial Position

Cash and Cash Equivalents at end of year

		2021	2020
Cash in Hand		**7,672**	41,209
Cash at bank		**57,700**	7,608
Deposits at call		**209**	5,204
		65,581	54,201

The notes on pages 35 to 60 are integral part of these financial statements

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Reporting Entity

Fan Milk Plc ("the Company") is a public limited liability company incorporated in Ghana and listed on the Ghana Stock Exchange.The registered office is located at No. 1 Dadeban Road, North Industrial Area, Accra.

The principal activity of the Company is the manufacture, production and distribution of recombined milk and other dairy products as well as to carry on the business of sellers and dealers in recombined milk and other dairy products and other preserved provisions both wholesale and retail.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the requirements of the Companies Act, 2019 (Act 992). The Company considers the following to be the most important accounting policies. In applying these accounting policies, management makes certain judgements and estimates that affect the reported amounts of assets and liabilities at the end of the period and the reported revenues and expenses during the financial year. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Functional and Presentation Currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana Cedi (GH¢), which is the Company's presentation currency.

2.3 Amended standards adopted by the company

The company has applied the following standards and amendments since 1 January 2020.

- Definition of Material-amendments to IAS 1 and IAS 8
- Definition of a Business-amendments to IFRS 3
- Interest Rate Benchmark Reform-amendments to IFRS 9, IAS39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

2.4 New and revised IFRS Standards in issue but not yet adopted

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.

Those that are likely to have an impact on the Company's financial statements when the standards become effective are set out below:

COVID-19-related Rent Concessions Amendments to IFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

Classification of Liabilities as Current or Non-current Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to January 1, 2023.

Property, Plant and Equipment: Proceeds before intended use –Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

3.Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

3.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments to the extent required or permitted under the Company's accounting policies and set out below:

3.2 Foreign Currency Transactions

The Company's foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the profit and loss account

3.3 Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3.4 Property, Plant and Equipment

(i) Recognition

Property, plant and equipment held for use in the production or supply of goods, or for administrative purposes are stated in the statement of financial position at historical cost less depreciation. Historical cost includes the expenditure that is directly attributable to the acquisition of these items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees and other costs directly attributable to the completion of the assets.

(ii)Depreciation/Amortisation

Leasehold land is depreciated over the unexpired portion of the lease. Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Asset Category	Useful Life
Leasehold land	Over the unexpired portion of the lease
Buildings	15 – 33 years
Motor vehicles:	
Distribution Trucks	8 years
Other motor vehicles	5 years
Plant, machinery and others	
Deep freezers and bicycles	5 years
Computers	3 years
Furniture and Fittings	5 years
Plant and Machinery	10 years

Included in the plant, machinery and others in note 11 are the cost and depreciation of deep freezers and bicycles, computers and furniture and fittings. The costs of distribution trucks are included in motor vehicles.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) in profit or loss.

(iii) Impairment of Non-Financial Assets

At the end of each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than the carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

(iv) Intangible Assets (Computer Software)

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of individual items of inventory are determined using the weighted average costs. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, based on normal operating capacity. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Spare parts are generally treated as inventories.

As they are usually used for maintenance and repairs, their cost is expensed when used. However, there are exceptions where:

- Major spare parts are recorded as property, plant and equipment when the company expects to use them during more than one year; and

- Spare parts that can be used only in connection with an item of property, plant and equipment, so as to extend its useful life or to substantially improve its performance, are recorded as property, plant and equipment.

3.6 Financial assets and Liabilities

Financial Assets

Classification

The Company has one type of financial asset that is subject to the expected credit loss model which are trade receivables from contracts with customers. The Company classifies its financial assets as 'financial assets measured at amortised cost'

Financial instruments are classified as 'financial assets at amortised cost' when both criteria outlined below are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures its financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest rate method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of Financial Assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

The Company recognises a 100% impairment loss on receivables exceeding 180 days. The Company's expected loss rates used in calculating impairment losses are based on the payment profiles of sales customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

While cash and cash equivalent and amounts due from related parties are also subject to the impairment requirements of IFRS 9, there was no identified material impairment loss.

3.7 Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. The impairment provision is determined using the expected credit loss model by considering cash short falls in various default scenarios.

3.8 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, minus directly attributable transaction cost. The company's financial liabilities include trade and other payables.

Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortised cost.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement. For non-substantial modifications, a gain or loss is recognised at the time of the modification.

3.9 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

3.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.11 Stated capital

The proceeds of ordinary shares are classified as 'stated capital' in equity.

3.12 Taxation

The amount stated as Income tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

Current income tax

Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted by the statement of financial position date.

Deferred income tax

Deferred tax is recognised using the liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at year end.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and deferred tax liabilities are offset only when the Company has a legally enforceable right to set off current tax assets against current tax liability and the deferred tax assets and the deferred tax liabilities relates to income tax levied by the same tax authority on the same taxable entity.

3.13 Dividends

Dividends on ordinary shares are charged to equity in the period in which they are approved by the Company's shareholders.

3.14 Revenue recognition

The Company derives its revenue from the sale of goods. The Company produces and sells a range of dairy products through sales agents and other distributors. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Sales agents do not have full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location. The risks of obsolescence and loss have not been transferred to the agents and distributors. The products are often sold with retrospective volume discounts based on aggregate monthly sales. The product disaggregation is disclosed in Note 5.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

All volume discounts payable to customers in relation to sales made until the end of the reporting period are paid during the period. No element of financing is deemed present as the sales are made with a credit term of between 8 to 45 days, which is consistent with market practice. The Company's obligation to replace damaged or expired products under the sales terms is recognised as a provision.

3.15 Employee benefits

Pension Obligation

The Company operates a defined contribution pension plan. A defined contribution pensions plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service. The contributions are recognised as employee benefit expense when they are due

Long service awards

The Company gives awards to all employees to recognise and reward members of staff for continuous and dedicated service. Employees are rewarded for period of service in excess of 10 years. Liabilities for long service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period.

3.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as administrative expense.

3.17 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 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 is responsible for the allocation of resources and assessing the performance of the operating segments.

3.19 Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events, the existence of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Company. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The amount is determined as the potential undiscounted amount of all future payments that the Company could be required to make if an adverse decision occurs against the Company.

3.20 Leases

The Company leases one warehouse and entered into a non-cancellable lease agreement with a transport service limited in June 2021.Rental contracts are typically made for fixed periods of 5 years but may have extension options. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for lease in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases of buildings are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in the lease contract. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension options held are solely exercisable by both the Company and the respective lessor.

4. Critical accounting estimates and judgements

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. In addition, estimates are subject to change as new information becomes available and changes subsequent to these estimates may significantly affect future operating results. Management also needs to exercise judgement in applying the Company's accounting policies.

4.1 Estimated useful lives of property, plant and equipment

Critical estimates are made by the Directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 3.4 (ii). Should the estimated useful lives of the property and equipment differ by 1% from management's estimates, the carrying amount of the property and equipment would be an estimated GH¢ 323,277(2020: GH¢301,170) higher or lower

4.2 Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

4.3 Impairment of account receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4.4 Employee benefit obligation

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost include the turnover rate and inflation rate. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that is applied to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions.

4.5 Leases

Critical judgements in determining the lease term In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For lease of the warehouses the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in warehouse have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

During the current financial year, there was no revisions made in lease terms to exercise extension and termination options.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

5. Revenue

	2021	2020
Net Sales	**468,095**	373,578
	======	======

Gross sales by product type

The Company derives revenue from the transfer of goods at a point in time.

	2021	2020
Dairy	**398,195**	320,106
Juice	**49,049**	43,815
Ice cream	**76,899**	64,658
Plant based milk	**1,888**	-
Gross sales	**526,031**	428,579
Rebates	**(57,936)**	(55,001)
	468,095	373,578
	======	======

6. Expenses by nature

	2021	2020
Raw materials and consumables	**241,617**	168,541
Employee benefits expense (Note 6a)	**66,439**	44,307
Depreciation on Property, Plant and Equipment (Note 11)	**30,046**	30,117
Amortisation of intangible assets (Note 13)	**556**	392
Depreciation charge on right of use assets (Note 12)	**1,240**	933
Repairs and maintenance	**18,821**	18,751
Vehicle running expenses	**1,386**	957
Utilities	**21,464**	19,978
Fuel	**5,145**	4,307
Insurance	**3,125**	2,866
Sales promotion and advertising expenses	**13,644**	10,122
Technical service fees	**15,780**	12,637
Auditor’s remuneration	**229**	254
Director’s emoluments	**1178**	1,629
Donations	**9**	46
Transportation expenses	**31,030**	21,743
Impairment charge (Note 15)	**4,318**	2,477
Information technology expenses	**1,552**	1,640
Outsourced labour cost	**8,057**	4,779
Communication expenses	**1,356**	1,427
Security services expenses	**1,091**	1,294
Short term rent expenses	**3,071**	4,146
Environmental and social responsibility expenses	**27**	221
Net exchange loss	**4,326**	2,125
Consultancy expenses	**3,325**	1,820
Medical expenses	**2,694**	2,697
Other expenses	**7,204**	8,915
Other factory expenses	**5,349**	6,552
	494,079	375,673
	======	======

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

6(a) Expenses by nature have been disclosed in the statement of comprehensive income as follows:

	2021	2020
Cost of sales	**344,818**	253,604
Distribution cost	**97,136**	87,036
Impairment of financial assets	**4,318**	2,477
Administrative expenses	**47,807**	32,556
	-----------	----------
	494,079	375,673
	======	======

Depreciation charge on right-of-use assets has been classified in distribution costs.

	2021	2020
Employee benefit expense comprise:		
Wages, salaries, and allowances	**47,288**	39,555
Pension costs	**3,439**	3,447
Long service awards expense	**111**	10
Provident fund costs	**945**	1,295
Termination and severance payments	**14,656**	-
	---------	---------
	66,439	44,307
	=====	=====

The total number of staff employed by the company by the year 31 December 2021 was 321 (2020: 443). The company paid GH¢ 14.6m for termination and severance during 2021.

7. Other income – (Net)

	2021	2020
Profit on disposal of property, plant and equipment	**2,272**	365
Sale of empty bags and scraps	**1062**	141
Rental income	**1,003**	1,104
Bad debts recovered	**1,590**	759
	----------	-------
	5,927	2,369
	======	=====

8. Finance Income

	2021	2020
Interest income on fixed deposit and call accounts with banks	**2,513**	2,594
	====	====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(**All amounts are expressed in thousands of Ghana Cedi unless otherwise stated**)

9. Finance Cost

	2021	2020
Interest expense on agents' savings	**1,323**	1,165
Finance cost of staff loan	-	44
Interest on lease liability	**627**	388
Finance cost on credit facility	-	472
Interest on loans	**1,379**	
	-	
	-------	--------
	3,329	2,069
	====	====

As at 31 December 2021, the Company held a medium-term loan of Ghc40,000,000 with a limit of GH¢75,000,000 with a local bank (Stanbic Bank) which attracted an interest rate of the Ghana Reference Rate plus a 2% margin (GRR + 2%).

Interest is paid on amounts held by the company (agents' savings) representing rebates earned by agents.

The Company has chosen to present interest received on financial assets as operating cash flows. Interest paid has been classified under operating cash flows to assist users in determining the ability of an entity to pay interest out of operating cash flows.

10. Income tax expense

Current income tax charge	-	2,231
Deferred tax (credit)/charge (Note 19)	**(7,443)**	(1,946)
	---------	---------
	(7,443)	285
	=====	=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

11. Property, Plant and Equipment

	Leasehold Land	Buildings	Motor Vehicles	Plant machinery and others	Capital work in progress	Total
2021						
Cost						
At 1 January	3,830	45,097	46,669	226,148	28,557	350,301
Additions	-	-	-	47,032	-	47,032
Transfers to other assets	-	6,985	-	14,931	(21,916)	-
Disposal	-	(140)	(11,919)	(16,462)	-	(28,521)
At 31 December	3,830	51,942	34,750	271,649	6,641	368,812
Depreciation						
At 1 January	1,013	13,307	33,636	124,031	-	171,987
Charge for the year	74	2,587	3,362	24,023	-	30,046
Disposal	-	(132)	(8,314)	(16,179)	-	(24,625)
At 31 December	1,087	15,762	28,684	131,875	-	177,408
Carrying Amount						
At 31 December	**2,743**	**36,180**	**6,066**	**139,774**	**6,641**	**191,404**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

Property, Plant and Equipment

	Leasehold Land	Buildings	Motor Vehicles	Plant machinery and others	Capital work in progress	Total
2020						
Cost						
At 1 January	3,830	44,624	49,639	221,980	12,863	332,936
Additions	-	-	-	-	22,830	22,830
Transfers to other assets	-	473	-	5719	(6,192)	-
Transfers to intangible assets	-	-	-	-	(944)	(944)
Disposal	-	-	(2,970)	(1,551)	-	(4,521)
	--------	---------	---------	----------	----------	-----------
At 31 December	3,830	45,097	46,669	226,148	28,557	350,301
	--------	---------	--------	----------	----------	-----------
Depreciation						
At 1 January	939	11,087	30,858	102,672	-	145,556
Charge for the year	73	2,220	5,279	22,545	-	30,117
Disposal		-	(2,501)	(1,186)		(3,687)
	--------	---------	---------	----------	---------	----------
At 31 December	1,012	13,307	33,636	124,031	-	171,986
	--------	---------	----------	---------	--------	----------
Carrying Amount						
At 31 December	**2,818**	**31,790**	**13,033**	**102,117**	**28,557**	**178,315**
	=====	=====	=====	======	======	=====

Profit on disposal of property, plant, and equipment

	2021	2020
Cost	**28,521**	4,521
Accumulated Depreciation	**(24,625)**	(3,687)
	---------	--------
Net book value	**3,896**	834
Sales proceeds	**6,168**	1,199
	--------	-------
	2,272	365
	=====	====

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated

12. Leases

Right-of-use assets

2021	Buildings (Warehouse)	Vehicle	Total
Cost			
At 1 January	**4,657**	**-**	**4,657**
Additions	**-**	**3,085**	**3,085**
	---------	---------	-----
At 31 December	**4,657**	**3,085**	**7,742**
	=====	=====	====
Depreciation charge on right-of-use assets			
At 1 January	**1,864**	**-**	**1,864**
Charge	**931**	**309**	**1,240**
	--------	-------	------
At 31 December	**2,795**	**309**	**3,104**
	====	===	====
Carrying Amount			
At 31 December	**1,862**	**2,776**	**4,638**
	=====	====	====

Right of Use

2020	Buildings (Warehouse)	Vehicles	Total
Cost	4,657	-	4,657
At 1 January	-	-	-
Additions	--------	--------	--------
At 31 December	4,657	-	4,657
	=====	=====	=====
Depreciation charge on right-of-use assets			
At 1 January	931	-	931
Charge	933	-	933
	-------	-------	-------
At 31 December	1,864	-	1,864
	====	====	====
Carrying Amount	2,793	-	2,793
At 31 December	====	====	=====

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2021	2020
Right-of-use assets	**4,638**	2,793
	====	====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

Lease liabilities:	**2021**	2020
Current lease liabilities	**1,609**	713
Non-current lease liabilities	**3,490**	1,833
	-------	--------
	5,099	2,546
	====	====

The statement of profit and loss shows the following amounts relating to leases:

Depreciation: Warehouse	**931**	933
Vehicles	**309**	
	-------	-------
	1,240	933
	====	====

Payments with respect to lease

Principal	**831**	1,596
Interest payment	**627**	388
	-------	-------
	1,458	1,984
	====	====

13. Intangible assets

Cost		
Balance as at 1 January	**3,298**	2,347
Additions	**161**	7
Transfers from capital work in progress	**-**	944
	-------	-------
Balance as at 31 December	**3,459**	3,298
	--------	-------
Amortisation		
Balance as at 1 January	**1,872**	1,480
Charge for the year	**556**	392
	--------	-------
Balance as at 31 December	**2,428**	1,872
	--------	-------
Carrying Amount		
Balance as at 31 December	**1,031**	1,426
	=====	====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

14. Inventories

	2021	2020
Raw materials	**86,575**	60,296
Finished goods	**7,469**	7,270
Work in progress	**1,170**	107
Goods in transit	**59,618**	17,923
Consumables	**13,251**	8,776
	----------	---------
	168,083	94,372
	======	=====

The cost of inventories charged to the statement of comprehensive income during the year ended 31 December 2021 amounts to GH¢241.6m (2020: GH¢168.5m). An amount of GH¢1,921million was charged to profit or loss as expired and damaged inventories during the year ended December 31, 2021 (2020: GH¢2.122 million).

15. Trade and other receivables

	2021	2020
Trade receivables	**32,255**	20,931
Provision for impairment losses	**(4,009)**	(2,031)
	---------	----------
Trade receivables - net	**28,246**	18,900
Due from related companies	**95,563**	71,724
Other receivables	**2,860**	4,310
Due from staff	**392**	304
Prepayments	**4,751**	5,374
	-----------	----------
	131,812	100,612
	======	======

The maximum amount of staff indebtedness during the year did not exceed GH¢392,000 (2020 GH¢427,000).

The fair value of amounts due from staff is based on the discounted cash flows using a borrowing rate of 15.89% (2020: 19.77% per rate annum). The Company applied Ghana Reference Rate (GRR) plus an appropriate credit rating from the Company's key bankers as discount rate. The directors consider the carrying amount of other receivables to approximate their fair value.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

Movement on the provision for impairment losses of trade receivables is as follows:

	2021	2020
At 1 January	**2,031**	2,620
Impairment charged for the year	**4,318**	2,477
Bad debts recovered	**(1,590)**	(759)
Savings buffer/Release	**(750)**	(2,307)
	--------	---------
At 31 December	**4,009**	2,031

16. Taxation

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

(Loss)/Profit before tax	**(20,873)**	799
	-----------	------
Tax charged at 25% (2020:25%)	**(5,218)**	200
Tax effect of:		
Expenses not deductible in determining taxable profit	**14,300**	11
Non-qualifying assets	-	286
Income not taxable	**(1,361)**	(212)
Other timing differences	**(11,811)**	-
Unutilised Tax Loss	**4,090**	-
	---------	-----
	-	285
	===	=====

The effective tax rate was as at 31 December 2021 is nil (2020:36%)

17. Cash and cash equivalents

Cash and cash equivalents comprise cash held and short-term bank deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, the period end cash and cash equivalents comprise the following:

	2021	2020
Cash at bank	**7,672**	41,209
Cash at hand	**57,700**	7,608
Deposits at call	**209**	5,204
	---------	---------
	65,581	54,021
	=====	=====

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no material impairment loss was identified.

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

18. Stated Capital

The authorised shares of the Company is 197,500,000 ordinary shares of no-par value. Number of issued shares and considerations received are set out below.

Issued	**No. of shares**	**Amount**
For cash consideration	**19,784,548**	**19**
For bonus issue	**96,422,740**	**4,000**
Capitalisation from retained earnings	**-**	**5,981**
	----------------	---------------
	116,207,288	**10,000**
	==========	=========

There was no change in the authorised and issued ordinary shares of the Company during the year ended 31 December 2021 and 31 December 2020.

19. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the enacted income tax rate of 25% (2020: 25%). There were no unrecognised tax assets as at 31 December 2021. (2020: Nil). The movement in deferred income tax is as follows:

Year ended 31 December 2021	**At January 1, 2021**	**(Credit)/Charge to profit or loss**	**At December 31,2021**
Deferred tax liabilities			
Property, plant and equipment on			
historical cost basis	**11,029**	**2,659**	**13,688**
Right-of-use assets	**(40)**	**(53)**	**(93)**
Staff leave provision	**(353)**	**(518)**	**(871)**
Impairment of trade receivables	**(1,085)**	**(5,190)**	**(6,275)**
Restructuring provision	**(149)**	**149**	**-**
Provision for long service award	**(53)**	**53**	**-**
Excess Financial cost - 2021	**-**	**(453)**	**(453)**
Tax Loss - 2021	**-**	**(4,090)**	**(4,090)**
	---------	---------	--------
	9,349	**(7,443)**	**1,906**
	=====	=====	=====

Year ended 31 December 2020	At January 1, 2021	(Credit)/Charge to profit or loss	At December 31, 2021
Deferred tax liabilities			
Property, plant and equipment on			
historical cost basis	12,692	(1,663)	11,029
Right-of-use assets	-	(40)	(40)
Staff leave provision	(132)	(221)	(353)
Impairment of trade a receivables	(450)	(635)	(1,085)
Restructuring provision	(815)	666	(149)
Provision for long service award	-	(53)	(53)
	---------	---------	--------
	11,295	(1,946)	9,349
	=====	=====	=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

20. Employee benefit obligations

The Company operates an employee benefit plan for its employee based on the length of service with the exception of inflationary risk, the Company's legal or constructive obligation is limited to the amount due when the employee is at the next level of long service award.

	2021	2020
Long service award	**310**	323
	====	====

The amounts recognised in the statement of financial position and the movements in the net defined benefit obligation over the year are as follows:

Present value of obligation		
At 1 January	**323**	1,390
Long service cost charged to profit and loss	-	-
Reversal of provision for long service awards	**(13)**	(1,067)
	------	---------
At 31 December	**310**	323
	===	===
Non-current portion of employee benefit obligation liabilities	**217**	284
Current portion of employee benefit obligation liabilities	**93**	39
	------	-----
	310	323
	===	===

The significant actuarial assumptions applied are as follows:

Attrition rate	**15.2%**	15%
Inflation rate	**10.0%**	10.6%
	=====	======

21. Trade and other payables

Trade payables	**8,569**	9,409
Due to related companies	**186,198**	95,040
Other payables	**54,776**	33,611
Dividend payable	-	3,006
Accrued expenses	**25,028**	19,857
	-----------	-----------
	274,571	160,923
	======	======

The carrying amounts of the above trade and other payables approximate their fair values due to their short-term nature.

22. Dividend payable

Balance at 1 January	**3006**	3,038
Dividend paid	**(5)**	(32)
	-----------	-----------
Balance as at 31 December	**3,001**	3,006
	=====	=====

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

Payment of dividend is subject to the deduction of withholding taxes rate of 8%. The Directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: Nil).

23. Current income tax

Year ended 31 December, 2021 **Year of Assessment**	**Balance at 1 January**	**Charge for the year**	**Payment in the year**	**Balance at 31 December**
Up to 2020	**(4,713)**		**-**	**(4,713)**
2021		**-**	**(4,300)**	**(4,300)**
	---------	---------	-----------	-----------
	(4,713)	**-**	**(4,300)**	**(9,013)**
	=====		=====	=====

Year ended 31 December, 2020

Year of Assessment	Balance at 1 January	Charge for the year	Payment in the year	Balance at 31 December
Up to 2019	(1,184)	-	(1,558)	(2,742)
2020	-	2,231	(4,202)	(1,971)
	---------	---------	---------	---------
	(1,184)	2,231	(5,760)	(4,713)
	=====	=====	=====	=====

24. Cash generated from operations

Reconciliation of net (loss)/profit before tax to cash generated from operations:

	2021	2020
(Loss)/Profit before tax	**(20,873)**	799
Depreciation (Note 11)	**30,046**	30,117
Impairment of financial assets	**4,318**	2,477
Amortisation of intangible assets (Note 13)	**556**	392
Depreciation charge on right-of-use assets (Note 12)	**1,240**	933
Interest paid (including interest on ROU)(Note 9)	**3,329**	2,069
Finance income(Note 8)	**(2,513)**	(2,594)
Profit on disposal of property, plant and equipment (Note 11)	**(2,272)**	(365)
Changes in working capital:		
(Increase)/decrease in inventories	**(73,711)**	2,234
Increase in trade and other receivables (less interest receivable on staff loan and impairment on financial assets)	**(35,218)**	(56,109)
Decrease in employee benefit obligations	**(13)**	(1,067)
Increase in trade and other payables	**113,648**	64,560
	-------------	-----------
Cash generated from operations	**18,537**	43,446
	=====	=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

25. Related party disclosures

Fan Milk International A/S holds 62.11% of the Company's issued ordinary shares in Fan Milk

Plc. Fan Milk International A/S is the majority shareholder of the Company and has other holdings in Fan Milk Plc (Nigeria), Fan Milk S.A. (Togo), Fan Milk SARL (Benin), Fan Milk Côte d'Ivoire S.A, Emidan A/S and Fan Milk West Africa Limited. These Companies are therefore entities related through common control. In the normal course of business, the Company entered into the following transactions with related parties:

	2021	2020
Due to related companies		
Emidan A/S	**152,146**	73,168
Fan Milk International A/S	**24,985**	12,781
Danone SA	**2,879**	1,949
Fan Milk Cote D'Ivoire	**2,280**	2,817
Fan Milk Togo	**3,908**	4,325
	----------	----------
	186,198	95,040
	======	======

The amount due from and due to related companies are unsecured, non-interest bearing and are to be settled in cash. There is no history of default. No guarantees have been issued by the Company to its related companies during the year ended 31 December 2021 and 31 December 2020.

Due from related companies		
Fan Milk Nigeria	**2,988**	905
Danone France	**245**	318
Fan Milk Cote D'Ivoire	**33,406**	14,430
Fan Milk Togo	**34,586**	24,467
Fan Milk West Africa	**24,338**	13,465
Centrale Danone	**-**	276
Emidan SA	**-**	17,863
	----------	----------
	95,563	71,724
	======	======
Transactions with key Management Personnel		
Remuneration Executive Director (short-term benefits)	**712**	1,163
	=====	=====
Non-executive Directors (short-term benefits)	**466**	466
	=====	=====

26. Earnings per share

(Loss)/Profit for the year	**(13,430)**	514
Number of ordinary shares issued	**116,207,288**	116,207,288
Basic and diluted earnings per share (GHC)	**(0.116)**	0.004

There are no share options or potential rights issues, hence diluted earnings per share are the same as the basic earnings per share.

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

27. Contingent Liabilities

The Company is involved in certain legal proceedings. These court cases arose in the ordinary course of business. In the directors' opinion after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss to the Company beyond the amounts provided for in the financial statements for the year ended December 31,2021 and December 31, 2020

28. Financial risk management objectives and policies

Financial risk factors

The Company's activities expose it to a variety of financial risks, market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures. Risk management is carried out by the management of the Company under policies approved by the board of Directors.

Market Risk

Foreign exchange risk

Foreign exchange risk arises as a result of cash, accounts receivable and accounts payable balances denominated in foreign currency. The Company seeks to reduce its foreign exchange risk exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies. The Company imports raw materials, spare parts and equipment from overseas and therefore is exposed to foreign exchange risk arising from Euro and United States Dollar exposures.

Management is responsible for minimising the effect of the currency exposure by holding bank accounts in foreign currencies.

	2021	2020
Cash and cash equivalents	**65,581**	7,422
Trade and other receivables	**35,797**	61,349
Trade and other payables	**(88,684)**	(78,256)
	-----------	-----------
	12,694	9,485
	=======	======

Interest rate risk

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

Price risk

The Company has financial instruments subject to price risk.

Credit risk

Financial instruments that potentially subject the Company to credit risk are primarily cash and cash equivalents and trade and other receivables. Trade and other receivables are mainly derived from sales to customers and amount due from related parties. The Company does not have any significant concentrations of credit risk. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. The expected credit losses also incorporate forward looking information.

Trade and other receivables consist of invoiced amounts from normal trading activities and amount due from related parties. Strict credit control is exercised through monitoring of cash received from customers and other parties and, when necessary, provision is made for specific doubtful accounts.

The Company manages credit risk relating to cash and cash equivalents by transacting banking business with only financial institutions licensed by the Bank of Ghana.

The table below shows the maximum exposure to credit risk by class of financial instruments:

	2021	2020
Cash and cash equivalents (excluding cash on hand)	**7,881**	46,413
Trade and other receivables	**28,246**	18,900
Amount due from related companies	**95,563**	71,724
Due from staff	**392**	304
Other receivables (excluding prepayments)	**2,409**	4,310
	----------	----------
Total credit exposure	**134,491**	141,651
	======	=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

Agents' savings amounting to GH¢14.3 million (2020: GH¢13 million) are held as collateral against trade receivables.

The expected loss rates are based on the payment profiles of sales customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information. Due to the number of debtors and credit life of receivables, management incorporates forward looking information into the impairment provisioning based on feedback received from salesmen. Salesmen visit agents twice a week averagely. Based on these visits, any relevant forward-looking information that is gathered on the operations of the agents and their ability to honour their obligations is communicated to the Accounts receivable team.

On that basis, the loss allowance as at December 31, 2021 is as follows:

	0 to 45 days	91 to 135 days	136 to 180 days	More 180 than days	Total
2021					
Gross carrying amount	26,898	407	994	3,956	**32,255**
Expected credit loss rate	0.03%	2.15%	3.59%	100%	
Loss allowance	8	9	36	3,956	**4,009**
	==	===	===	====	=====

The Company assessed the other receivables, cash and related party receivables balances to determine their expected credit losses. Based on this assessment, they identified the expected credit loss to be **4,009** as at December 31, 2021 (2020: 2,031).

Liquidity Risk

The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company devises strategies to manage its liquidity risk. Prudent liquidity risk management implies that sufficient cash is maintained, and that sufficient funding is available through an adequate amount of committed credit facilities.

Materiality analysis of financial liabilities

The table below analyses the maturity profile of the Company's financial liabilities.

	2021 Within 12 months	Over 12 months	Total	2020 Within 12 months	Over 12 months	Total
Trade and other payables (excluding non-financial liabilities)	**250,306**	**-**	**250,306**	153,476	-	153,476
Lease liabilities	**1,609**	**3,490**	**5,099**	713	1,833	2,546
	251,915	**3,490**	**255,405**	151,189	1,833	156,022
	=======	=======	=======	=======	=======	=======

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

Fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities are a reasonable approximation of their fair value, because of their short-term nature.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date.

(b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(i) Financial assets at amortised cost

	2021	2020
Trade and other receivables (excluding non-financial assets)	**31,106**	23,210
Amount due from related parties	**95,563**	71,724
Amount due from staff	**392**	304
Cash and cash equivalents	**65,581**	54,021
	----------	----------
	192,642	149,259
	=======	=======

29. Fair values of financial assets and liabilities

(i) Financial liabilities at amortised cost

	2021	2020
Trade and other payables (excluding non-financial assets)	**250,306**	153,476
	=======	=======

The Company discloses the fair value measurements by level of the following fair value measurement hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, no observable inputs).

The carrying value of the company's financial assets and liabilities approximates its fair value.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

30. Capital Commitments

There were no capital commitments at the end of the year. (2020: Nil).

31. Capital risk management

The company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders to maximise shareholder value and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

32. Segment information

Management has determined the operating segments based on the reports reviewed by the Heads of Department. These reports are used to make strategic decisions. The Company considers the business from a product perspective.

The reportable operating segments derive their revenue from the manufacture and distribution of dairy products, fruit drinks and Plant Based Milk. Ninety percent of the Company's revenue is derived from sale of dairy products and the remaining ten percent is derived from sale of fruit drinks and plant-based milk. Management considers the products to have similar economic characteristics and they have therefore been aggregated into a single operating segment.

33. Subsequent events

The Country in which the Company operates, Ghana, continued to record COVID-19 infections post 31 December 2021. Measures taken by governments to contain the virus is expected to impact economic activity. The Directors and management have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home as and when required). At this stage, the impact of the pandemic and the actions taken by the government to contain it has not significantly affected the Company's ability to continue as a going concern.

The Directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this letter that may require adjustment of, or disclosure in, the financial statements.

FINANCIAL HIGHLIGHTS

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

Year end:	**2021**	2020	2019	2018
(Loss)/Profit after taxation	**(13,430)**	514	25,016	12,899
Earnings per share	**(0.116)**	0.004	0.22	0.11
Total number of shares issued	**116,207,288**	116,207,288	116,207,288	116,207,288
Dividend Per Share	**-**	-	-	-
Total assets	**571,562**	436,252	375,819	326,402
Shareholders' fund	**246,675**	260,105	259,591	234,575
Permanent staff	**321**	417	581	469
Stock price range (per share):				
High (GH¢)	**5.14**	4.12	8.01	17.8
Low (GH¢)	**1.08**	1.01	4.12	7.99

Distribution of Gross Sales

	2021	2020	Change	(%) Change
Amounts in GH¢'000				
Revenue (Gross)	**526,031**	428,579	97,452	23
Revenue (Excluding rebates)	**468,095**	373,578	94,517	25
Cost of Sales	**344,818**	253,604	91,214	36
Distribution costs	**97,136**	87,036	10,100	12
Administrative expenses	**47,807**	32,556	15,251	47
Impairment of financial assets	**4,318**	2,477	1,841	74
Finance costs	**3,329**	2,069	1,260	61
Value added tax	**37,310**	31,193	6,117	20
Tax	**7,443**	(285)	7,758	(2722)

FINANCIAL HIGHLIGHTS(continued)

(All amounts are expressed in thousands of Ghana Cedi unless otherwise stated)

	2021	2020	Change	(%) Change
Transfer to statement of changes in equity	**(13,430)**	514	(13,944)	(2713)
Other income – (net)	**5,927**	2,369	3,558	150
Finance income	**2,513**	2,594	(81)	(3)

Operational results

Amounts in GH¢'000	**2021**	2020	Change	(%) Change
Revenue	**468,095**	373,578	94,517	25
Cost of Sales	**(344,818)**	(253,604)	(75,435)	30
Distribution costs	**(97,136)**	(87,036)	(10,100)	12
Administrative expenses	**(47,807)**	(32,556)	(15,251)	47
Impairment of financial assets	**(4,318)**	(2,477)	(1,841)	74
Finance costs	**(3,329)**	(2,069)	(1,260)	61
Finance income	**2,513**	2,594	(81)	(3)
Other income – (net)	**5,927**	2,369	3,558	150
Loss/Profit before income tax	**(20,873)**	799	(21,672)	(2712)
Income tax expense	**7,443**	(285)	7,158	(2512)
Loss/Profit for the year	**(13,430)**	514	(13,944)	(2713)

SHAREHOLDING DISTRIBUTION
AS AT 31 DECEMBER 2021

The following are the twenty largest shareholders as at 31 December 2021. All shareholders have equal voting right.

Number	Name of shareholder	Number of shares	Percentage
1	FAN MILK INTERNATIONAL A/S,	72,178,636	62.11
2	STD NOMS/BNYMSANV RE BNYMSANVLUX RE E	6,083,324	5.23
3	STD NOMS/BNYM RE GOTHIC CORP MUTIMA	2,506,431	2.16
4	SCGN/RBC INVESTOR SERVICES RE	2,089,300	1.80
5	SOCIAL SECURITY AND NATIONAL INSURANCE	1,853,124	1.59
6	SCGN/'EPACK INVESTMENT,	1,254,684	1.08
7	SCGN/SSBT FOR AL MEHWAR	1,065,000	0.92
8	STD NOMS/BNYM/GOTHIC HSP CORPORATION,	953,068	0.82
9	STD NOMS/BNYM/GOTHIC JBD LLC,	920,536	0.79
10	SCGN / ENTERPRISE LIFE ASS. CO. POLICY	866,352	0.75
11	STD NOMS/BNYMSANVREBNYMLBRE	656,875	0.57
12	STD NOMS/BNYM/GOTHIC ERP,LLC,	613,965	0.53
13	SCGN/ SSB AND TRUST AS CUST FOR RUSSELL	606,100	0.52
14	SCGN/DATABANK BALANCED FUND LIMITED,	367,319	0.32
15	STAHL, CHRISTOPH MICHAEL ROBERT C.S	330,954	0.28
16	HFCN/ EDC GHANA BALANCED FUND LIMITED	330,006	0.28
17	ASARE, JAMES KWADWO	300,000	0.26
18	STD NOMS/BNYM/GHI HOLDINGS MAURITIUS,	295,900	0.25
19	OFORI, DANIEL	288,165	0.25
20	CM FUND LIMITED,	200,000	0.17
		------------	-----
	TOTAL	93,759,739	80.68
	OTHERS	22,447,549	19.32
		--------------	-------
	GRAND TOTAL	**116,207,288**	**100.00**
		=========	=====

SHAREHOLDING DISTRIBUTION
AS AT 31 DECEMBER 2021 (continued)

Directors' shareholding

Name of Director		Number of shares
Ayisi- Okyere Peace		**1,288**

Category of holdings	Number of shareholders	Holding	Percentage holding
1 – 1000	3,138	866,285	0.75
1001 – 5000	1,029	2,187,980	1.88
5001 – 10000	281	1,948,098	1.67
10001 +	735	111,204,925	95.70
	------	---------------	----------
TOTAL	**5,183**	**116,207,288**	**100.00**
	======	==== ======	======

THE MACRO ECONOMIC ENVIRONMENT

The Government of Ghana after 2020 difficult year, due to the negative impact of the global pandemic, re-oriented its strategy to recover from the downward trajectory.

The key government strategy in 2021 centred on the Ghana CARES programme. This is planned to be implemented over the medium term. The Coronavirus Alleviation, Revitalisation and Enterprise Support (CARES) programme is a GHS 100billion programme with 30% government funding and 70% private sector funding over the medium term. The objective is to revive and support growth in agriculture and agribusiness, manufacturing, ICT, the extractive sector, finance and housing.

ECONOMIC INDICATORS

Some economic indicators for year 2021 are indicated below:

GDP Growth

So far, quarter three GDP growth rate of 6.6% YoY stands tallest among the quarter-by-quarter growth rate. It is expected that, the fourth quarter growth rate will be within expected target, thus achieving the government overall annual target growth rate for 2021 of 4.4%.

Inflation

Headline inflation ended at 12.6% by close of 2021.

Exchange Rates

The table below shows the performance of the local currency against the major trading currencies – the USD, EUR and GBP compared against prior year:

	2021	2020
USD	-4.09%	-3.93%
EUR	3.46%	-12.07%
GBP	-3.11%	-7.08%

OUTLOOK FOR 2022 AND BEYOND

Growth outlook

It is expected that the stable GDP growth chalked in 2021 will continue in 2022. The government expects to grow the economy by about 5.8% in 2022. Government remains optimistic that by managing the right levers under the Ghana CARES programme, the recovery of the economy from the COVID 19 challenges could be sustained.

With the growth in the economy, Fan Milk Plc will also leverage and grow. The company will continue to pursue its strategy of profitably growing the Outdoor Channel, accelerating the growth in Indoor Channel and focusing more in delivering Ice Cream and Yoghurt.

CORPORATE SOCIAL RESPONSIBILITY

Activities for 2021

Social responsibility towards employees

In line with the social responsibility towards employees, the management of the company held regular townhall meetings and monitored every update on the Covid-19. Such updates were communicated during townhall meetings. There was also education and sensitization to employees on protecting themselves during the COVID-19 period.

As already in place, the use of face mask freely provided to employees has remained mandatory during the 2021 year. Key areas at workplaces are equipped with hand sanitizers employees, and visitors are required to use them at vantage points. Management through a committee chaired by the Managing Director has performed regular meetings for updates for COVID situations in the country and specifically within the company. Decisions were taken from this committee to ensure smooth execution on time to mitigate the pandemic impact.

Within the year under review, the company organised monthly Health calls. A medical doctor was invited to talk to all staff about critical diseases people are facing in the country, such as diabetics, hypertension/stroke and nutrition etc. It was a forum to sensitize employees on preventives measures and good lifestyles.

The company organised monthly aerobic sessions in the company premises to encourage and sustain physical exercise for employees' good health condition.

Health and safety

The business ended the year with an accident frequency rate less than 1 in 2021, with over 9000 safety incident observations recorded by the active participation of employees. This is in line with

the business priority to guarantee a safe and healthy work environment for employees and contractors at Fan Milk Plc.

Sustainability Report

As part of the Danone One Plant One Health ambition, which is to bring health from food to many people as possible, Fan Milk Plc launched a new brand NUTRIDAY. It is a drinkable yoghurt contributing to boast the human system. It has been welcomed by consumers who are more and more conscious about health driven consumption.

Pick-It Sorting Centre

The pick it projects after review has brought simplest model driven by our partner E360 an NGO which has been the co- creator in 2017. The group of waste pickers have been extended to other locations outside of Tema- New town. The operations are supervised by the NGO with defining KPIs to the different groups of waste pickers; the NGO also oversees the recyclers.

From the governance point of view, there is a board in place, which includes different parties holding quarterly meetings, to ensure that the agreed plan is rolled out properly.

More than 15 tons of plastic waste have been collected during the year 2021.

CORPORATE SOCIAL RESPONSIBILITY(continued)

Collaborating with our stakeholders on environmental topics

Over the 28 years the partnership between Fan Milk Plc and GNASBA (Ghana National Scholarship Beneficiaries Association) is still ongoing through the different channels to sensitize on Danone One Planet and One Health ambition. A tree planting campaign has been drawn out in 2021 in Kumasi and Eastern region consisting of 2000 units to contribute to the protection of the planet.

Through the Fan Choco Caravan, a campaign for healthy snack has been driven into schools in Accra and Kumasi. Through this campaign, the school pupils were educated on the benefits for healthy snacking and on sanitation best practices.

Hundred (100) dustbins have been distributed to the two mentioned locations.

Wastewater Treatment Plant

As part of Danone's One Health, One Planet business agenda, Fan Milk Plc installed and commissioned its new wastewater treatment plant in November 2021. This is designed to treat 4300kg of COD load per day.

The plant currently treats 100% effluent from Factory operations, The acquisition cost is 4.95million Euro.

The key objective of the new Wastewater Treatment Plant is to meet the specific standards of the Ghana Standards Authority and Environmental Protection Agency – Requirement for Effluent Discharge (GS1212-2019) and to:

(i) ensure a 100% production liquid waste treatment before discharging to public drain. The treatment plant has a capacity equivalent to an annual production output of 240,000 tons.

(ii) sustain or reduce the impact on the immediate receiving media in the environment.

(iii) enhance the brand image of the business.

Averagely, the plant treats 3,500kg load of COD per day representing a removal efficiency of 98% and discharges 395 cubic meter of treated water daily back into the environment.

Solar Power System

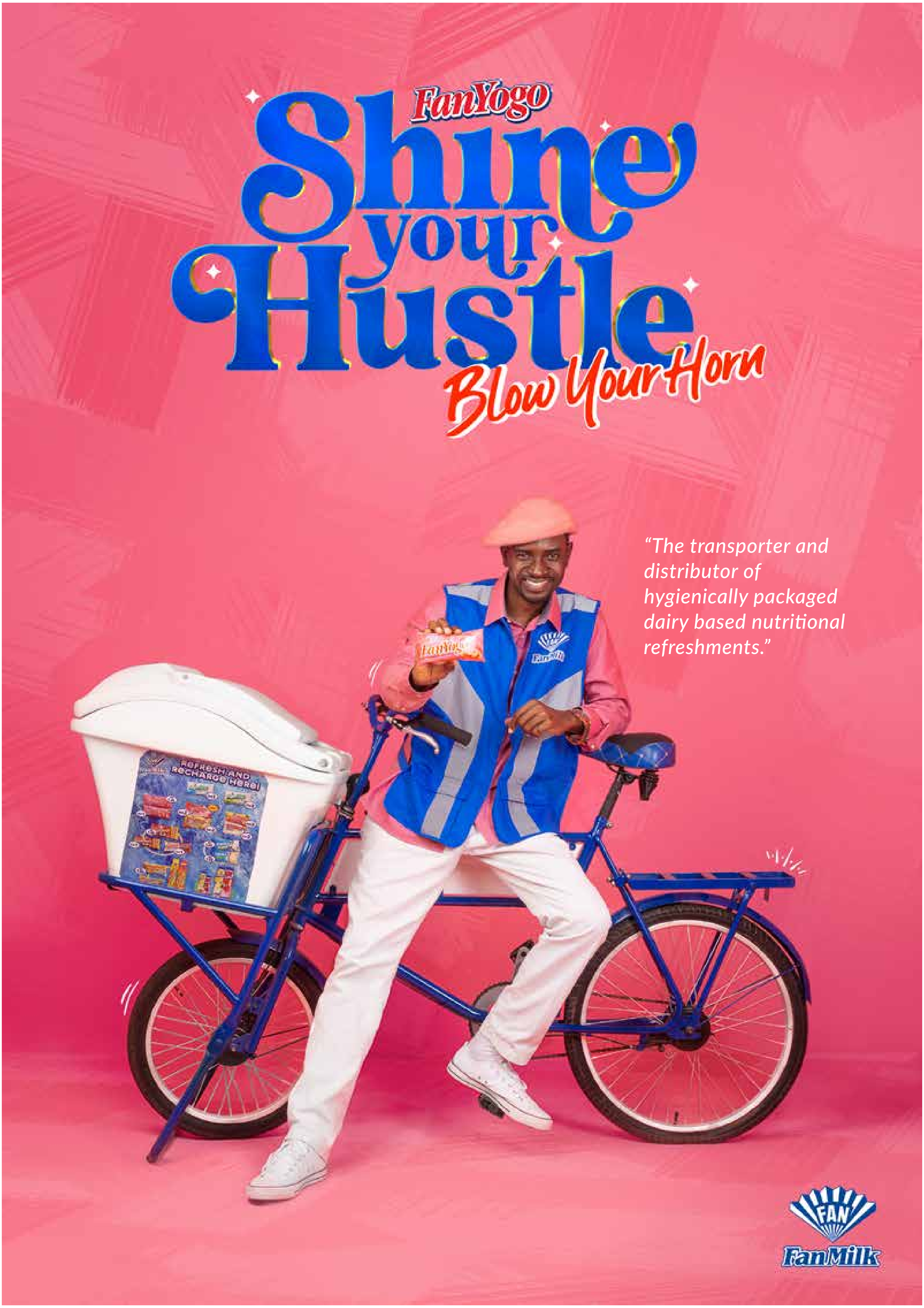
As part of Danone's sustainability drive, the business commissioned Dutch and Co., a registered Ghanaian company, to install a 121kWp solar power panel at its Head Office Block at the Factory. This was commissioned in September 2021 and currently saves averagely 15MWH per month representing 6 Ton per month carbon emission reduction. Other facilities at different part of the country are targeted as part of the sustainability agenda.

Carbon Emission

The business continues to use Green Track tool to assess its Scope 1, 2 and 3 emissions and to track its progress against 2050 carbon footprint target.

During the year under review, the total scope 1 and 2 emissions reduced from 86 TCO2 eq in 2020 to 77 TCO2 eq. for 2021 fiscal year. A reduction of 10.5% based on 2020 data.


NEW
FanIce
Double Treat!
CHOCOLATE + VANILLA
FanMilk
FanIce
Vanilla & Chocolate
Vanille & Chocolat
Still so nice!
Grab a Double Treat Here!


FanYogo
Shine your Hustle
Blow Your Horn
"The transporter and distributor of hygienically packaged dairy based nutritional refreshments."
FAN
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