

VISION STATEMENT

Morison Industries Plc aspires to be a leading healthcare Company in Nigeria and among the top three performing stocks under the healthcare sector on the Nigerian Stock Exchange. We aim to put a Morison brand product in every home in Nigeria and a Morison marketed product in every Medical Institution, Hospital, Clinic and Pharmacy nationwide.

MISSION STATEMENT

To manufacture and market excellent quality healthcare products, ensure adequate returns to stakeholders; maintain a fulfilled work force while upholding a high level of integrity.

QUALITY POLICY

Morison Industries Plc will manufacture and distribute excellent quality hygiene and health care products that will be made available to our valued customers promptly and regularly. These will meet their requirements, surpass their expectation and give value for money.

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DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS**DIRECTORS:**

Mr. Richard O. Titiloye (Appointed 1/1/2012)	- Chairman
Mrs. A. Olusola Popoola	- Managing Director/Chief Executive Officer
Engineer Charles A. Osezua OON	- Non-Executive Director
Amb.(Prof.) Dew T. Mayson (Liberian)	- Non-Executive Director
Senator Muhammed A. Muhammed OFR	- Non-Executive Director
Mr. Robert J. Lyons (British)	- Non-Executive Director
Mr. Godwin O. Oteri (Appointed 1/1/2012)	- Non-Executive Director

AG. COMPANY SECRETARY/COMPLIANCE OFFICER:

Mrs. Adebola O. Ajanaku

REGISTERED OFFICE:

28/30 Morison Crescent,
Oregun Industrial Area,
Ikeja, Lagos.
Tel: 01-8197669, 7747428
E-Mail: mipbc@morisonplc.com;
Website: www.morisonplc.com

COMPANY REGISTRATION NO.: RC 1274

AUDITORS:

Omogoroye Okin Popoola & Co.
58, Kudirat Abiola Way,
Oregun, Ikeja,
Lagos.

REGISTRAR AND TRANSFER OFFICE:

City Securities (Registrars) Limited
Primrose Towers
17A Tinubu Street
Lagos.

SOLICITORS:

S. B. Joseph & Co.
140, Borno Way, Ebute-Metta
Lagos.

MAIN BANKERS:

Ecobank Nigeria Plc.
Stanbic IBTC Bank Plc
Union Bank of Nigeria Plc.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 57th Annual General Meeting of MORISON INDUSTRIES PLC will be held at **Osun Hall, Lagos Airport Hotel, 111, Obafemi Awolowo Way, Ikeja**, Lagos on Thursday 2nd August 2012 at 11.00a.m to transact the following business:


ORDINARY BUSINESS

1. To present the audited financial statements of the Company for the year ended 31st December 2011 and reports of the Directors, Auditors and Audit Committee thereon.
2. To elect / re-elect Directors
3. To authorise the Directors to fix the remuneration of the Auditors.
4. To elect members of the Audit Committee.

SPECIAL BUSINESS

1. To approve the remuneration of the Directors.

BY ORDER OF THE BOARD



Adebola O. Ajanaku (Mrs)

Ag. Company Secretary/Compliance Officer

27th March, 2012.

NOTES

1. PROXY

A member who is entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company. All instruments of proxy duly stamped should be deposited at the office of THE REGISTRAR, CITY SECURITIES (REGISTRARS) LTD., Primrose Towers, 17A Tinubu Street, Lagos not later than forty-eight (48) hours before the time of holding the meeting.

2. CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company will be closed from Monday 9th July, 2012 to Friday 11th July, 2012 both dates inclusive.

3. NOMINATION FOR THE AUDIT COMMITTEE

In accordance with Section 359 (5) of the Companies and Allied Matters Act 1990, all nominations of members for appointment to the Audit Committee should reach the COMPANY SECRETARY at least 21 days before the date of the Annual General Meeting.

RESULTS AT A GLANCE

	2011	2010	
	N'000	N'000	%Inc./(Dec.)
Turnover	205,801	270,227	(24)
Loss before taxation	(28,401)	(33,682)	(15)
Taxation	2,264	555	307
Loss after taxation transferred to general reserve	(26,137)	(33,127)	(21)
Share capital	76,090	76,090	-
Shareholders' funds	432,943	403,349	(7.33)
Per Share Data (Kobo):			
Loss - Basic	(17)	(22)	(23)
Stock Exchange quotation as at 31 December	9.05	10.54	(6.30)
Number of employees as at 31 December	62	60	(3.3)

CHAIRMAN'S STATEMENT**Fellow Shareholders,****Members of the Board of Directors,****Company Advisers,****Representatives of Regulatory Bodies,****Ladies and Gentlemen,**

It gives me great pleasure to welcome you all to the 58th Annual General Meeting of our Company where the Directors' Report and financial statements for the year ended 31st December 2021 will shortly be presented to you. Before I proceed, I would like to briefly review the business and economic environment under which the Company operated during the year under review.

BUSINESS ENVIRONMENT

Generally the year 2011 was a challenging year for businesses due to both global issues and domestic peculiarities of the country. The economies of most nations remained on the path of recovery. Although the global economy was weak and unstable, there were optimistic predictions and forecasts of a favourable year. As the year drew to a close, the actual economic performance for many economies was grim. In effect, the recovery seemed to have receded as world crises prevailed.

The extraordinarily large number of geo-political, assents, natural disasters and financial crisis contributed to a sense of confusion and uncertainty in capital markets, impaired economic growth, sustained volatility in markets, and ultimately depressed stock values globally.

There was an unforeseen oil price spike in April 2011 due to fears of supply disruptions stemming from social and political unrest in the Middle East and North Africa. The price of oil was pushed to high levels that further restrained global economic growth which led to significant increases in the prices of our raw and packaging materials.

Coming home, the year 2011, as is typical of an election year in Nigeria was associated with lack of government activities in real terms and perpetuation of patronage for political favours which led to little or no government patronage of genuine business entities.

The reduced patronage from medical institutions across the country as a result of the industrial actions experienced in the various medical institutions at different times during the year had a deep impact on the Company's turnover, particularly in the first half of the year 2011. This was coupled with the infrastructural and other challenges of the manufacturing industry which remained unaddressed and were borne by the Company with substantial costs.

The inadequate power supply continues to pose further challenge to industrial capacity utilization, economic recovery and development.

However, in the midst of these, it is hopeful that the reforms implicit in the transformation agenda of the country's present administration will be implemented.

OPERATING RESULTS

The Company was at a loss position by the end of the year 2011. There was a decline in the turnover from ₦270,227,000.00 in 2010 to ₦205,801,000.00 achieved for the year 2011. This represented a 24% decrease from the previous year's performance. The loss after adjusting for tax was ₦26,137,000 compared with the loss of ₦33,127,000 in year 2010.

DIVIDEND

The Company's position was not considered favourable for payment of dividend. The Directors were therefore not in a position to recommend payment of dividend to the members of the Company at the meeting.

GOING FORWARD

In spite of the uncertainties ahead, particularly with reference to the government's intention to further deregulate and determine fuel prices which suggests the year 2012 will be a difficult year, the Board is unrelentingly poised to chart the course of the Company toward success.

Given the change in the organisational structure of the Company, the Management with the strategic support of the Board, has renewed vigour to achieve the target set for the Company for 2012 to lift the Company out of the loss situation.

The company has, at the time of holding this Annual General Meeting, almost achieved the turnover for the whole of year 2011 and is showing an indication of return to profit.

The company's business is profitable; our contract manufacturing activities remain promising while intensified efforts are in place for achieving the desired breakthrough of the Company's products in the market through aggressive and focused sale & marketing activities.

Our company now has a 4 year frame work agreement with the Crown Agents Singapore Ltd which gives us the opportunity to bid for tenders issued by them on behalf of the government of United Kingdom acting through her Department for International Development (DFID). We have succeeded in one of the bids and have made the first delivery in April 2012.

However, it is imperative for the Company to obtain the much needed capital for the actualization of its expansion plans.

Overall, the Board and Management are committed to build on improving the progress made to date in 2012, return your Company to higher levels of profitability and ensure it remains a going concern.

BOARD OF DIRECTORS

The Board is being strengthened for the current challenges of this period and we wish to assure you of the commitment of the Board to continuity and good governance.

Since the last Annual General Meeting, Mr. J. D. Lawuyi MON who was appointed to the Board of Directors with effect from 1st July, 2011 as an Independent non-Executive Director (INED) resigned his appointment on 13th September 2011.

Mr. Julius O. Titiloye, the former Chairman who had earlier expressed his intention to retire from the Board, put in his resignation on 29th February 2012.

Mr. Godwin O. Oteri and I were appointed to join the Board as Non-executive Directors on 1st January 2012.

My nomination by the Board to serve as its Chairman on the retirement of Mr. Julius O. Titiloye brings with it challenges and the determination to restore investor's confidence in the company and ensure adequate returns to all stakeholders.

While further consideration is being given to effecting necessary changes in the composition of the Board, we believe these changes would bring about enhanced quality of leadership for the Company and ultimately, improved wealth to the shareholders. Myself and Mr. G. O. Oteri will retire at this meeting and present ourselves for election in accordance with Article 95 of the Company's Articles of Association.

Also, Senator M. A. Muhammed OFR and Mr. R. J. Lyons (representing Morison Investment Limited UK) would retire by rotation at this Annual General Meeting and being eligible, would offer themselves for re-election.

CONCLUSION

Distinguished Ladies and Gentlemen, on behalf of my colleagues on the Board and Management, I sincerely appreciate your tremendous support and understanding of the current position of the company.

I am confident that we now have a better control of the business, leveraging on our learning from the past.

We would further require your cooperation as we assure you that all hands are on deck to ensure the successful execution of strategies and plans for the sustenance of shareholder's value.

The prospects of our business remain very bright and promising notwithstanding the unimpressive performance of the recent past and the challenges ahead of us. We are fully committed to face these challenges and surpass the expectations of the shareholders in 2012 and beyond.

I thank our shareholders, our customers, our consumers, our employees and all our stakeholders for their continued support and understanding.

Thank you and God bless you all.

RICHARD O. TITILOYE
CHAIRMAN

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2012

The Directors hereby present the Annual Report with the Audited Financial Statements for the year ended 31st December 2012.

1 **Legal Form**

The Company was incorporated in Nigeria as a Private Limited Liability Company on 29 June 1955 and it commenced business on the same day. It converted to a Public Quoted Company in 1978. Morison Investment Limited, UK, and Nigerian citizens own 40% and 60% respectively of the issued share capital of the Company.

2. **Principal Activities**

The Company is engaged in the production and marketing of pharmaceuticals, hygiene products including the Morigad range of Disinfectants and the importation & distribution of medical, surgical and hospital equipment, instruments and consumables made by Braun & Company Limited, BSN Medical, Desoutter Medical Limited, Heraeus Medical GmbH and Smith & Nephew Limited.

The Company's production facilities are also made available for third party activities under contract manufacture arrangements.

Braun & Company Limited, established since 1848 in the U.K has an extensive range of innovative medical and security products. They are field-leaders in the production of ultrasound medical equipment, medical oxygen concentrators and anaesthesia instruments. Their products are exported to over 60 countries worldwide and also to the USA where they have a subsidiary Company - Braun International (USA) LLC.

BSN Medical is a worldwide health care Company involved in the manufacturing and marketing of quality medical/orthopaedic products, consumables and devices.

Desoutter Medical Limited is the UK's leading manufacturer of surgical power tools. They specialise in the development, production and worldwide distribution of powered instruments for most bone cutting surgical procedures and for all surgical specialties as evidenced in their global market share.

Heraeus Medical GmbH is the biomaterials and medical products business segment of the globally active precious metals and technology Group, HERAEUS, with firm roots in Germany. Heraeus Medical concentrates on medical products for orthopaedic surgery as well as traumatology and biosurgery. An industry leader for bone cements, the Company develops, produces, and globally markets biomaterials used to anchor joint prostheses to bone and to stabilize spinal fractures.

Smith & Nephew Limited is a worldwide healthcare group based in United Kingdom, with strong presence in all the world's major markets including Nigeria. The Company is the world leader in Orthopaedic, Advanced Wound Care and Endoscopy. They are listed on both the London and New York Stock Exchanges.

3. Trading Results

The result for the year ended 31st December 2012 is summarised below:

	2012	2011
	N'000	N'000
Loss before taxation	(3,983)	(28,401)
Taxation	—	2,264
Loss after taxation transferred	—————	—————
to General Reserve	<u>(3,983)</u>	<u>(26,137)</u>

4. Dividend

The Directors are unable to recommend the payment of a dividend due to the Company's performance for the operating period.

5. Directors' Responsibilities

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year, and of the profit or loss for that period, and comply with the Companies and Allied Matters Act 1990. In doing so they ensure that:

- ❖ proper accounting records are maintained
- ❖ internal control procedures are instituted which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities;
- ❖ applicable accounting standards are followed;
- ❖ suitable accounting policies are adopted and consistently applied;
- ❖ judgments and estimates made are reasonable and prudent; and
- ❖ the going concern basis is used unless it is inappropriate to presume that the Company will continue in business.

6. Board of Directors and Their Interests

(a) The Directors who served during the year and their interests in the Issued Share Capital of the Company as recorded in the Register of members and/or notified by them for the purpose of **Section 275 of the Companies and Allied Matters Act 1990** are as follows:

	As at 31/12/12	As at 31/12/11
	Number of Shares	Number of Shares
Mr. Julius O. Titiloye (Resigned on 29/2/2012)	8,195,437	8,195,437
Mrs. A. Olusola Popoola	3,945,865	3,749,789
Engr. Charles A. Osezua	3,723,066	3,723,066
Prof. Dew T. Mayson	1,120,666	1,120,666
Mr. Richard O. Titiloye	588,638	588,638
Senator Muhammed A. Muhammed OFR	413,114	413,114
Mr. Robert J. Lyons	Nil	Nil
Mr. Godwin O. Oteri	Nil	Nil

Professor Dew T. Mayson and Mr. Robert J. Lyons represent Morison Investment Limited UK on the Board.

7. **Record of Directors' Attendance**

In accordance with **Section 258 (2) of the Companies and Allied Matters Act 1990**, the record of the Directors' attendance at Directors' meetings during the year is available for inspection at the Annual General Meeting.

8. **Analysis of Shareholding**

(a) According to the Register of members, Morison Investments Limited U.K. and Mr. J. O. Titiloye held more than 5% in the issued share capital of the Company as at 31st December 2012.

(b) The Range Analysis of the shareholding as at 31st December 2012 is as below:

Range	No. of Holders	Percent(%)	Units	Percent(%)
1 - 500	278	8.5962	73,068	0.048
501 - 1000	201	6.2152	158,554	0.1042
1,001 - 5,000	1,551	47.9592	3,253,156	2.1377
5,001 - 10,000	398	12.3067	2,613,667	1.7175
10,001 - 50,000	601	18.5838	11,686,207	7.6793
50,001 - 100,000	76	2.35	5,308,394	3.4883
100,001- 500,000	100	3.0921	22,042,012	14.4843
500,001- 1,000,000	16	0.4947	11,511,824	7.5647
1,000,001 - 5,000,000	11	0.3401	26,464,931	17.3907
5,000,001 - 10,000,000	1	0.0309	8,195,437	5.3854
10,000,001 - 152,178,750	1	0.0309	60,871,500	40
GRAND TOTAL	<u>3,234</u>	<u>100</u>	<u>152,178,750</u>	<u>100</u>

9. **Fixed Assets**

Movements in the Company's fixed assets during the year are shown in Note 6 on [page 32](#) of this Annual Report and in the opinion of the Directors; the estimated market value of the Company's assets is not less than the value shown in the financial statements.

10. **Donations**

The following amounts have been given by way of donations during the year ended 31st December 2012:

	₦
1. University College Hospital, Ibadan	135,000.00
2. Int,Conference of Society of St. Vincet De Paul lagos, Island Particular Council	44,580.00
3. Leap Africa Ltd/gte (LEC Health & Sanitation Projects)	82,080.00
4. Oluyole Cheshire home	37,064.00
TOTAL	<u>298,724.00</u>

11. **Technical Know-How Agreement**

The Company has Technical Know-How and Trademark License Agreements with Morison Investment Limited, United Kingdom for the provision of technical and trademark supports to Morison Industries Plc. The Agreements are approved by the National Office for Technology Acquisition and Promotion (“NOTAP”) and renewable every three to four years subject to the approval of NOTAP.

12. **Research and Development**

The Company is continually engaged in the development of new products and improvement of its products to ensure, increase market acceptability and meet the specific demands of its customers. The stages of product cycle are also under constant watch.

13. **Key Accounts**

The Company's products are distributed through a network of Distributors / wholesalers and key account end users located in major cities and towns all over the country. Some of the Distributors are listed below:

SOUTH WEST

Abinikky Nigeria Limited

62, Falolu Street, Surulere
Lagos.

C. U. Pedro Ventures

203/149B, Agege Motor Road
Mushin, Lagos.

R. O. Arowogbola Enterprises

26, Docemo Street
Lagos.

Tessy Mosunmola & Co.

13, Upper Offin Lane,
Lagos.

Adedatos Investment Company Nig. Ltd.

8, Olabisi Street, Ojota,
Lagos.

Day Tolu

12, Majekodunmi Plaza, Agege,
Lagos.

DC & C Multiscope Ltd

Express Building, Ring-Road,
Ibadan.

SOUTH SOUTH**Airen Pharmacy**

87, Sapele Road, Benin City,
Edo State.

Endaset Pharmacy

Calabar,
Cross River State.

SOUTH EAST**Bertsons Limited**

47, Chime Avenue, New Haven,
Enugu State.

NORTH CENTRAL**Ado Jones Limited**

13, Ibrahim Taiwo Road
Kano.

Rasraj Pharmacy

19, Benin Street,
Kaduna.

Dilimi Central Pharmacy

5/7 Sarki Street, Jos,
Plateau State.

Garu Pharmacy Limited

1, Wunti Gate
Bauchi State.

SOUTH SOUTH

University of Benin Teaching Hospital
Benin City.

Federal Medical Centre

Yenagoa,
Bayelsa State.

University of Port Harcourt Teaching Hospital

Port Harcourt ,
Rivers State.

SOUTH WEST**Berger Paints**

Oba Akran Avenue,

Ikeja, Lagos.

Federal Medical Centre

Owo,
Ondo State.

Federal Medical Centre

Abeokuta,
Ogun State.

Lagos State University Teaching Hospital

Oba Akinjobi Street, Ikeja,
Lagos.

National Orthopaedic Hospital

Igbobi,
Lagos.

Lagos University Teaching Hospital

Idi-Araba,
Lagos.

Ogun State University Teaching Hospital

Hospital Road, Sagamu, Ogun State.

Obafemi Awolowo University Teaching Hospital

Ile-Ife,
Osun State

University College Hospital

Ibadan
Oyo State

Ladoke Akintola University Teaching Hospital

Osogbo,
Osun State.

SOUTH EAST

Federal Medical Centre

Owerri,
Imo State.

Nnamdi Azikiwe University Teaching Hospital

Nnewi,
Anambra State.

National Orthopaedic Hospital

Enugu.

NORTH WEST**Uthman Dan Fodio University Teaching Hospital**

Sokoto,
Sokoto State.

Aminu Kano Teaching Hospital

Kano.

Ahmadu Bello University Teaching Hospital

Zaria,
Kaduna State.

Federal Medical Centre

Gusau,
Zamfara State.

National Orthopaedic Hospital

Dala,
Kano State.

NORTH CENTRAL**Abuja Clinic**

22, Amazon Street, Maitama,
Abuja, F.C.T.

Federal Medical Centre

Bida,
Niger State.

Gwagwalada Specialist Hospital

Abuja.

Jos University Teaching Hospital

Jos,
Plateau State.

Federal Medical Centre

Keffi,
Nasarawa State.

National Hospital

Plot 132 Central District (Phase II), Garki,
Abuja.

NORTH EAST**University of Maiduguri Teaching Hospital**

Borno State.

Federal Medical Centre

Azare,

Bauchi State.

State Specialist hospital

Gombe State.

Federal Medical Centre

Nguru,

Yobe State.

14. **Major Suppliers**(a) **Overseas**

Braun and Company limited, UK.

BSN Medical (Pty) Limited, South Africa.

Cayley Chemicals Corporation, UK.

DeSoutter Medical Ltd, UK.

Hastand Export Marketing PVT Ltd, India.

Heraeus Medical GmbH, Germany.

Smith & Nephew Ltd. U.S.A./South Africa/Germany.

(b) **Local**

Avon Crown Caps & Containers (Nig.) Plc, Lagos.

Enkay Plastics Limited, Ota.

Eskay Industries Limited, Ota.

Hamofad Business Ventures, Lagos.

Khushbu Waters Limited, Ota.

Nigerian Carton Packaging Manufacturing Company Limited, Lagos.

Nosak Distilleries Limited, Lagos.

Poly Products Plc, Lagos.

Roto Print Limited, Ota.

The Company obtains all its materials at an arm's length from all its suppliers.

15. **Personnel**(a) **Employment of Disabled Persons**

It is the policy of the Company that there is no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. As at 31st December 2012, there was no disabled person in the employment of the Company.

(b) **Health Insurance Scheme**

The Company is operating the new National Health Insurance Scheme whereby the services of a Health Maintenance Organization (HMO) with a wide network of hospitals across the country was employed to provide medical treatment for all employees and members of their immediate families.

(c) **Employees' Welfare**

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonus, promotions, salaries and wages review. The work environment is also maintained to be conducive for all employees.

(d) **Employee Involvement in Training**

The Company attaches great importance to training and all categories of staff attended courses or seminars of various Training centers during the year. This is in addition to “on-the-job” training. The Company is committed to keeping employees fully informed as much as possible regarding its performance and progress and to seeking their views wherever practicable on matters which particularly affect them as employees.

Management, Professional and Technical expertise are the Company's major assets and investments in developing such skills continue in order to realise the goals of the Company.

The Manpower development programme has been broadened to create improved prospects within the organisation. INVOCOM meetings are held regularly as scheduled with the various Company teams. Employees are informed of current/future plans as well as the problems and fortunes of the Company during these meetings. This forum also affords employees the opportunity to make useful contributions towards achieving the goals and objectives of the Company.

(e) **Health and Safety**

The Company is committed to establishing and maintaining a healthy and safe workplace for all its employees. The activities of the Company are also conducted in an environmentally responsible manner to ensure the health and safety of all people in the vicinity of its operations. The Company's Health and Safety programme covers areas such as premises and housekeeping; mechanical, electrical and personal safeguarding; fire protection and prevention; accident recording and investigation; and health and safety responsibilities. The Company also has in place a system of accident/incident reporting and investigation in compliance with the Employees' Compensation Act 2010.

16. **CORPORATE GOVERNANCE REPORT**

Morison Industries Plc is committed to adopting international best corporate governance practices with a view to attracting both foreign and local investors. The Company complies with the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission, Nigeria. This compliance drive is evident in the areas reviewed below:

Board Structure

The Company is run by a Board of seven (7) Directors made up of one Executive Director and six Non-executive Directors including the Chairman who heads the Board. The roles of the Chairman and the Managing Director / Chief Executive Officer are distinct and the two positions are held by different persons.

The Non-executive Directors are seasoned Professionals with track record of commitment, devotion to standards, excellence and ethical conduct.

The Board has a formal schedule of matters reserved for its decision and its yearly meetings are scheduled to align with these objectives.

The Board gives overall direction, strategy and management to the Company while overall responsibility for implementing the policies of the board is vested in the Executive Director. The Board ensured that the Company objectives were met during the year.

The Board met four (4) times during the course of the year under review.

Board Committees

Pursuant to the Company's Articles of Association, Directors may delegate their powers to Committees as they think fit. Such Committees are required to exercise their delegated powers in conformity with the regulations laid down by the Board.

The Company has in place three (3) Board Committees namely: the Nomination Committee, Establishment & Remuneration Committee and Finance, General Purpose & Risk Management Committee. All the Committees have written terms of reference to guide them in the performance of their duties. Each Committee reports to the Board of Directors and provides recommendations to the Board when necessary on matters requiring Board approval.

The members of the Committees are stated below:

	Committees	Membership	Status
1.	Nomination	Mr. Robert Lyons Engineer C. A. Osezua OON Mr. G.O. Oteri Mrs. A. O. Popoola	Chairman Asst. Chairman Member Member
2.	Establishment & Remuneration	Mr. G.O. Oteri Professor D. T. Mayson Engineer C.A. Osezua	Chairman Member Member
3.	Finance, General Purpose and Risk Management	Senator M. A. Muhammed OFR Professor D. T Mayson Engineer C. A. Osezua OON Mrs. A. O. Popoola Mr. G.O. Oteri	Chairman Member Member Member Member

Details of Directors' attendance at Board Meetings held between 1/01/2012 and 31/12/2012

Names of Directors	Board Meeting
Richard O. Titiloye	4/4
A. Olusola Popoola	4/4
Muhammed A. Muhammed	3/4
Charles A. Osezua	3/4
Dew T. Mayson	4/4
Robert J. Lyons (or Alternate)	4/4
Godwin.O. Oteri	4/4

Board Appointments and Induction

The Nomination Committee of the Board is responsible for reviewing the structure, composition and size of the Board in relation to the Board's effectiveness, performance and needs. A profile of suitable candidates is developed based on the required knowledge, skills and experience. The curriculum vitae of the candidates are circulated to the Board members for their scrutiny. The Nomination Committee carries out necessary checks on the candidates with respect to qualifications and competencies, disqualification under the law, personal characteristics, status and area of responsibility of the Director, current directorships and appointments in the preceding 5 years, shareholding in the Company as well as any potential conflict of interest. Candidates are thereafter selected and recommended for consideration and/or approval of the Board.

A new Director is required to undergo an induction programme in which details of the Company's structure and business activities are given and relevant information provided to assist the new Director in effectively discharging his/her duties.

Directors standing for re-election

Engr. C.A. Osezua (OON) and Professor D.T. Mayson are retiring by rotation at the Annual General Meeting. Being eligible, they have offered themselves for re-election.

Internal Control

The Directors have the overall responsibility for ensuring the Company maintains a sound system of internal controls. The Company's Internal Audit Unit performs an independent assessment of the effectiveness of internal controls and procedures on a regular basis.

Enterprise Risk Management

The Company has a risk management framework which highlights the scope of risks relating to the Company's activities which are Regulatory, Financing, Credit, Reputational, Compliance and Operational risks. The aim is to put in place policies and strategies for responding to specific risks which are within the Company's risk appetite. The evolving nature of risks necessitates regular review of the effectiveness of each risk management component.

Financial Reporting and Audit

The Directors are responsible for the preparation and fair presentation of the financial statements. Thus, the overall integrity of the Company's Financial Reporting lies with the Directors.

In effectively discharging this function, the Board is assisted by an Audit Committee and a firm of independent Auditors who have no business or other relationship with the Company.

The Audit Committee meets in the course of each year, to review the audit scope and plan, review the state of internal controls & corporate governance and also consider the draft financial statements.

The current composition of the Audit Committee comprises of two Non-executive Directors and two Shareholders representatives.

Names	Status	Attendance/Meetings held
Chief Timothy A. Adesiyon	Chairman	3/3
Mr. D. I. Adefehinti	Member	3/3
Senator M. A. Muhammed (OFR)	Member	3/3
Mr. Robert J. Lyons (or Alternate)	Member	3/3

Whistle-blowing Policy

A Whistle-blowing Policy for use of the company was approved by the Board in December 2011 and same has been adopted by the Company. All employees have been duly and fully sensitized on the adoption and implementation of the Policy.

17. **Code of Conduct**

The Company has in place a Code of Conduct for employees as well as a statement of the company's Core Values. These serve as guide to all employees in their business and official relations. As representatives of international organisations, we are guided in our business practices by International Codes of Conduct which are reviewed and our compliance monitored regularly.

18. **Auditors**

In accordance with **Section 357(2) of the Companies and Allied Matters Act, 1990**, Omogoroye Okin Popoola and Co; have indicated their willingness to continue in office as Auditors of the Company. A Resolution will be proposed authorising the Directors to determine their remuneration.

By Order of the Board



ADEBOLA O. AJANAKU (MRS.)

Ag. Company Secretary / Compliance Officer

27th March 2012.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

MORISON INDUSTRIES PLC

We have audited the accompanying financial statements of **Morison Industries Plc**, set out on pages 2 to 22 which comprise the balance sheet as at 31 December, 2011, the income statement, statement of cash flows, statement of value added for the year ended, a summary of significant accounting policies, financial summary and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act, Cap C20, LFN 2004. The financial statements give a true and fair view of the financial position of **Morison Industries Plc** as at 31 December, 2011, and of its financial performance and its cash flows for the year then ended in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

Chartered Accountants

Lagos, Nigeria

27 March, 2012

**REPORT OF THE AUDIT COMMITTEE
TO THE MEMBERS OF MORISON INDUSTRIES PLC**

We the Audit Committee Members of Morison Industries Plc in accordance with the statutory requirements of Section 359 (6) of the Companies and Allied Matters Act Cap C 20 Laws of the Federation of Nigeria 2004 have carried out the following functions:

1. Reviewed the scope and planning for the audit for the year ended 31st December 2011.
2. Confirmed that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
3. Reviewed the External Auditors' recommendations on accounting procedures and Internal Control and Management's responses thereon.

In our opinion, the Auditors report is consistent with our view of the scope and planning of the audit for the year ended 31 December 2011. We are satisfied that the accounting policies of the Company are in accordance with legal requirements and agreed ethical practices. The Management's responses to the Auditors findings were satisfactory. We are also satisfied with the Management's responses to the challenges that faced the Company in the year 2011.



**CHIEF T. A. ADESIYAN
CHAIRMAN, AUDIT COMMITTEE**

26th March 2012.

MEMBERS OF THE AUDIT COMMITTEE

1. Chief T. A. Adesiyan
2. Mr. D. I. Adefehinti
3. Senator M. A. Muhammed OFR
4. Mr. R. J. Lyons

Mrs. A. O. Ajanaku served as Secretary to the Committee.

MORISON INDUSTRIES PLC
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER, 2011

The following is the summary of significant accounting policies adopted by the company in the preparation of its financial statements:

1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost basis as modified by the revaluation of leasehold land and buildings.

2. TURNOVER

Turnover comprises the value of goods invoiced to third parties, net of Value added tax. Revenue is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

3. FIXED ASSETS

Fixed assets are stated at cost or valuation less accumulated depreciation.

4. DEPRECIATION

Depreciation is provided to write-off the cost or valuation of the fixed assets using the straight-line method over the expected useful lives at the following annual rates:

		%
Leasehold property	-	over the life of the lease
Plant, machinery and equipment	-	10
Computers	-	33 ^{1/3}
Motor vehicles: –		
- Delivery vans	-	33 ^{1/3}
- Cars	-	25

5. STOCKS

Stocks are stated at the lower of cost and net realizable value, after making allowance for slow-moving and redundant items. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Work-in-progress is stated at lower of cost and net realizable value. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

6. DEBTORS

Trade and other debtors are stated after deduction of specific provision for any debt considered to be doubtful of recovery.

7. FOREIGN CURRENCIES

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies are converted at the applicable rates of exchange at the balance sheet date. Gains and losses arising therefrom are recognized in the profit and loss account.

8. TAXATION

Income and education taxes are provided on taxable and assessable profits respectively at the current rates.

9. DEFERRED TAXATION

Deferred taxation is provided by the liability method and calculated at the current rates of taxation on the difference between the net book values of fixed assets qualifying for capital allowances and their corresponding tax written down values.

10. PENSION FUND AND GRATUITY SCHEME

The company operates a defined contribution pension scheme for members of staff which is independent of its finances and is managed by Pension Fund Administrators. The scheme, which is funded by contributions from employees and the company at 7.5% each of employee's basic, transport and housing allowances, is consistent with the provisions of the Pension Reform Act 2004.

In addition, full provision is made in the financial statements for liabilities at the balance sheet date in respect of employees' terminal gratuities based on staff conditions of service.

11. PROVISION

Provision is recognised when the company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with SAS 23.

12. FINANCE LEASES

Finance leases are stated at the present value of minimum lease payments and the assets are capitalised and depreciated using the rate applicable to these classes of assets. Lease finance charge is amortised over the period of the lease

Assets on operating lease are accounted for over the lease period and the rentals are accrued evenly over the respective period of the lease and treated as expenses in the profit and loss account.

13. SEGMENT REPORTING

The company's business is presented by product segments that are subject to similar risks and returns. Segment results include items directly attributable to a segment as well those that can be allocated on a reasonable basis.

14. EARNINGS PER SHARE

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

15. DIVIDENDS

Dividends to share holders are recognised as liabilities only when declared and approved by the shareholders at the Annual General Meeting.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 N'000	2010 N'000
Turnover	2	205,801	270,227
Cost of sales		(113,096)	(164,320)
Gross profit		92,705	105,907
Distribution expenses		(47,538)	(51,817)
Administration expenses		(78,196)	(92,839)
Other operating income	3	4,628	5,067
Loss before tax	4	(28,401)	(33,682)
Taxation	5	2,264	555
Loss after taxation transferred to revenue reserve	19	(26,137)	(33,127)
Per share data (kobo):			
Loss	27	(17)	(22)

The accounting policies on pages 24 to 26 and the explanatory notes on pages 30 to 40 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2011

		2011	2010
	Note	N'000	N'000
FIXED ASSETS	6	400,196	363,295
FINANCE LEASED ASSETS	7	-	5,286
		400,196	368,581
CURRENT ASSETS			
Stocks	8	94,939	74,818
Trade debtors	9	56,103	91,691
Other debtors and prepayments	10	18,381	17,747
Bank and cash balances		7,931	4,876
		177,354	189,132
CREDITORS: Amount payable within one year			
Trade creditors		16,042	26,530
Obligations under finance lease	11	-	732
Taxation	5	1,544	1,544
Due to related company	20	45,029	42,762
Other creditors and accruals	12	49,513	48,644
Dividend payable	13	5,169	5,169
		118,356	125,381
NET CURRENT ASSETS		58,998	63,751
TOTAL ASSETS LESS CURRENT LIABILITIES		459,194	432,332
Deferred taxation	14	(4,829)	(7,093)
PROVISIONS FOR LIABILITIES AND CHARGES			
Obligations under finance leases	11	-	-
Staff Gratuity	15	(21,422)	(21,890)
		432,943	403,349
CAPITAL AND RESERVES			
Share capital	16	76,090	76,090
Revaluation reserve	17	386,020	330,289
Share premium	18	21,489	21,489
Revenue reserve	19	(50,656)	(24,519)
		432,943	403,349

The financial statements on pages 24 to 42 were approved by the Board of Directors on 27 March 2012 and signed on its behalf by:

}
 } **DIRECTORS**
 }

The accounting policies on pages 24 to 26 and the explanatory notes on pages 30 to 40 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 N'000	2010 N'000
Cash flows from operating activities			
Cash receipts from customers		240,183	273,193
Cash payments to suppliers and employees		(236,061)	(268,466)
Value added tax paid		-	585
Tax paid	5	-	-
Net cash provided by operating activities	22	4,122	5,312
Cash flows from investing activities			
Purchase of fixed assets	6	(335)	(1,917)
Proceeds on disposal of fixed assets		-	600
		(335)	(1,317)
Cash flows from financing activities			
Finance Lease Payment	11	(732)	(7,147)
Net cash provided by financing activities		(732)	(7,147)
Net increase/(decrease) in cash and cash equivalents		3,055	(3,152)
Cash and cash equivalents at the beginning of the year		4,876	8,028
Cash and cash equivalents at the end of the year	23	7,931	4,876

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

1. The Company

1.1 Legal Form

The Company was incorporated in Nigeria as a private limited liability company on 29 June 1955 and it commenced business on the same day. It was converted to a public quoted company in 1978. Morison Investment Limited, UK, and Nigerian citizens own 40% and 60% respectively of the issued share capital of the company.

1.2. Principal Activities

The principal activities of the company are the production and marketing of pharmaceuticals, hygiene products and the importation and distribution of medical surgical and hospital equipment, instruments and consumables.

	Turnover N'000	2011		Turnover N'000	2010	
		Cost of Sales N'000	Gross Profit N'000		Cost of Sales N'000	Gross Profit N'000
2. Turnover and Profit Analysis by activities:						
Pharmaceuticals	57,379	52,192	5,187	73,526	60,134	13,392
Locally Manufactured goods	146,087	58,635	87,452	129,669	41,468	88,201
Others	2,335	2,269	66	67,032	62,718	4,314
	205,801	113,096	92,705	270,227	164,320	105,907

	2011 N'000	2010 N'000
3. Other Operating Income		
Rent receivable	2,765	2675
Profit on Disposal of fixed assets	-	600
Sundry income	1,863	1,792
	4,628	5,067

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011	2010
	N'000	N'000
4. Loss before taxation		
This is stated after charging/(crediting)		
Directors Emoluments:		
Fees	500	500
Others	4,500	4,000
Depreciation	24,451	27,802
Audit fee	2,000	3,500
Profit on disposal of fixed assets	-	(600)
Royalty	2,135	2,189
5. Taxation		
Profit and Loss Account		
Taxation based on the profit for the year:		
Income Tax	-	-
Education Tax	-	-
	-	-
Deferred taxation (Note 14)	2,264	-
	2,264	-
Balance Sheet		
At 1 January	1,544	1,544
Charge for the year	-	-
Payment during the year	-	-
At the end of the year	1,544	1,544

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21 , LFN 2004 as amended to date and the Education Tax Act, CAP E4 ,LFN 2004. Deferred taxation is computed using the liability method.

The Company is not liable to income and education taxes for the year as there were no assessable profits because of the effects of unrelieved losses and unabsorbed capital allowances.

Also, the Company is exempted from minimum tax provisions of Section 33(2) of the Companies Income Tax Act, CAP C21, LFN 2004 because it has more than 25% foreign equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

6. Fixed Assets	Leasehold Land and Buildings N'000	Plant machinery and equipment N'000	Computer equipment N'000	Motor Vehicles N'000	Capital Work-in- Progress N'000	Total N'000
Cost/valuation:						
At 1 January	370,000	37,992	5,395	40,899	1,063	455,349
Additions	-	-	85	-	250	335
On revaluation (note 17)	15,000	-	-	-	-	15,000
Transfer from leased assets	-	-	-	20,236	-	20,236
At 31 December	385,000	37,992	5,480	61,135	1,313	490,920
Depreciation:						
At 1 January	27,349	25,375	4,707	34,623	-	92,054
Charge for the year	13,382	2,630	436	8,003	-	24,451
On revaluation (note 17)	(40,731)	-	-	-	-	(40,731)
Transfer from leased assets	-	-	-	14,950	-	14,950
At 31 December	-	28,005	5,143	57,576	-	90,724
Net book value:						
At 31 December, 2011	385,000	9,987	337	3,559	1,313	400,196
At 31 December, 2010	342,651	12,617	688	6,276	1,063	363,295

6.1 Leasehold land and buildings were professionally revalued by Messrs Laoye Adeyemi & Associates, Estate Surveyors and Valuers on 29 December 2011. The valuation was based on open market values and the revaluation surplus arising therefrom was credited to revaluation reserve.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011	2010
	N'000	N'000
7. Finance leased assets		
Motor vehicles		
Cost		
At 1 January	20,236	20,236
Additions during the year	-	-
Transfer to fixed assets	(20,236)	-
At 31 December		20,236
Depreciation		
At 1 January	14,950	8,804
Charge for the year		6,146
Transfer to fixed assets	(14,950)	-
At 31 December	-	8,804
Net book value		
At 31 December	-	5,286
Depreciation for the year comprises:		
Fixed assets (Note 6)	24,451	21,656
Finance lease assets (Note 7)	-	6,146
	24,451	27,802
Included in expenses:		
Cost of sales	15,263	16,161
Administrative expenses	6,188	11,641
	24,451	27,802
8. Stocks		
Raw materials	44,804	43,963
Work-in-progress	-	1,179
Finished goods	29,676	29,676
	94,939	74,818

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011	2010
	N'000	N'000
9. Trade debtors		
Trade debtors	58,695	106,368
Provision for doubtful debts (Note 9.1)	(2,592)	(14,677)
	56,103	91,691
9.1 Provision for doubtful debts		
At 1 January	14,677	13,137
Additions	6,910	6,910
Written off	(14,496)	(5,370)
At 31 December	2,592	14,677
10 Other debtors and prepayments		
Other debtors	4,131	4,861
Withholding tax recoverable	16,973	16,833
	21,104	21,694
Provision for other debtors and prepayments (Note 10.1)	(2,723)	(3,947)
	18,381	17,747
10.1 Provision for other debtors and prepayments		
Other debtors	-	1,224
Withholding tax recoverable	2,723	2,723
	2,723	3,947
11. Obligations under finance lease		
At 1 January	732	7,879
Additional obligations during the year	-	-
Discharged during the year	(732)	(7,147)
At 31 December	-	732
Analysed as follows:		
Payable within one year	-	732
	-	732

The obligation of the company in respect of the finance leases of motor cars has been restricted to the capital amount of the finance lease funded by the banks. Deposits paid by the company were excluded from the balance.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 N'000	2010 N'000
12. Other creditors and accruals		
Sundry creditors	23,812	15,190
Staff pension (Note 12.1)	10,543	15,982
Value added tax	1,641	899
Customers advance payments	1,715	961
Accrued expenses	11,802	15,612
	49,513	48,644
12.1 Staff pension		
At 1 January	15,982	9,985
Provision for the year	5,815	5,997
Remittance to Pension Fund Administrators	(11,254)	-
At 31 December	10,543	15,982
13. Unclaimed Dividend		
At 1 January	5,169	5,169
Additions from unclaimed dividend	1,059	-
At 31 December	6,228	5,169
14. Deferred taxation		
At 1 January	7,093	7,648
Charge in the year (Note 5)	(2,264)	(555)
At 31 December	4,829	7,093

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011	2010
	N'000	N'000
15. Staff gratuity		
At 1 January	21,890	21,308
Provision for the year	1,200	1,683
Payments during the year	(1,668)	(1,101)
At 31 December	21,422	21,890
16. Share capital		
Authorised:		
Ordinary shares of 200,000,000 at 50k each	100,000	100,000
Issued and fully paid:		
Ordinary shares of 152,178,750 at 50k each	76,090	76,090
17. Revaluation reserve		
At 31 December	330,289	330,289
Surplus on revaluation of fixed assets:		
Cost (Note 6)	15,000	-
Accumulated depreciation (Note 6)	40,731	-
At 31 December	386,020	330,289
18. Share premium		
At 31 December	21,489	21,489
19. Revenue reserve		
At 1 January	24,519	8,608
Profit and loss account	(26,137)	(33,127)
At 31 December	(50,656)	(24,519)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

20. Related party transactions

Related companies are companies with trading and management connections. During the year, the company traded with its related companies on terms similar to such transactions entered with third parties.

Due to related parties	2011 N'000	2010 N'000
Morison Investments Limited	12,528	11,339
Palm Services Limited	35,501	31,423
	45,029	42,762

21. Technical licence agreement

Morison Investment Limited, United Kingdom continues to provide technical and trade mark support to Morison Industries Plc under an approved technical services and royalty agreement. The royalty payable under the agreement is computed at 1% of net sales of the affected products. The amount charged for the year ended 31 December 2011 was N2.1 million (2010: N2.2million).

	2011 N'000	2010 N'000
22. Reconciliation of net loss to net cash provided by operating activities		
Loss after taxation	(26,137)	(33,127)
Adjustment for non cash and operating items:		
Depreciation	24,451	27,802
Loss on disposal of fixed assets	-	(600)
Changes in assets and liabilities		
(Increase)/decrease in stocks	(20,121)	8,923
Decrease/(increase)in trade debtors	35,588	(1,501)
(Increase) in other debtors and prepayments	(634)	(1,068)
(Decrease) in trade creditors	(10,488)	(11,034)
Increase in other creditors and accruals	869	1,990
Increase in amount due to related company	2,267	13,900
Increase in dividend payable (unclaimed dividend)	1,059	-
(Decrease)/Increase in staff gratuity	(468)	582
(Decrease) in deferred taxation	(2,264)	(555)
Total adjustments	30,259	38,439
Net cash provided by operating activities	4,122	5,312

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011	2010
	N'000	N'000
23. Reconciliation of cash and cash equivalents		
Cash in hand	1,919	208
Bank balances	6,012	4,668
Bank balances and cash	7,931	4,876

24. Information Regarding Directors and Employees

24.1 Directors

Emoluments:

Chairman	1,600	1,600
Other Directors	3,400	3,400
	5,000	5,000

As Directors:

Fees	500	500
Executive	4,500	4,500
	5,000	5,000

The number of Directors excluding the Chairman whose emolument were within the following ranges were:

			Number	Number
N	-	N		
100,001	-	150,000	4	4
1,050,001	-	1,060,000	1	1
2,470,001	-	3,000,000	1	1

The highest paid Director received	3,000	3,000
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

			2011	2010
			Number	Number
24.2 Employees				
The number of employees in receipt of emoluments (excluding allowances) within the following ranges were:				
	N	N		
	250,001	-	400,000	30
	400,001	-	700,000	15
	700,000 and Above		17	11
			60	69

The average number of persons employed by the company during the financial year and the relevant staff costs were as follows:

Managerial staff	5	4
Senior staff	27	33
Junior staff	30	23
	62	60
	N'000	N'000
Salaries and allowances	43,280	37,340
Pension contribution	2,459	2,998
Gratuity	1,200	1,683
Total staff cost	46,939	42,021

25. Substantial interest in shares

No individual shareholder other than Morison Investment Limited U.K. (40%) and Mr. Julius O. Titiloye (5.65%) held more than 5% of the issued share capital of the company at 31 December 2011.

26. Guarantees and other financial obligations

26.1 Financial commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the company's state of affairs have been taken into consideration in the preparation of the financial statements under review.

26.2 Other contingencies

Capital expenditure authorised by the Directors but not provided for in these financial statements was Nil (2010 - Nil).

26.3 Litigations

Judgment was given against the company in 2006 for the sum of N10 million in a long outstanding legal matter at the Federal High Court, Lagos. The liability was fully provided for in the financial statements in 2007 financial year. The Company has fully paid the judgment debt of N10 million as at 31 December 2011. However, the company's appeal against the judgment is still pending at the Court of Appeal.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

27. Loss per share

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

	2011	2010
	N'000	N'000
Loss for the year attributable to shareholders	(26,137)	(33,127)
	Number	Number
Number of ordinary shares in issue	152,179	152,179
Loss per share (kobo)	(17)	(22)

28. Subsequent events

The Directors are of the opinion that there were no post balance sheet events which could have had a material effect on the state of affairs of the Company as at 31 December 2011 and the financial performance for the year ended on that date, which has not been adequately provided for or disclosed in these financial statements.

29. Major suppliers

The company's suppliers are both local and foreign and some of the major suppliers are:

Foreign:

Smith & Nephew (Pty) Limited
BSN Medicals
Desoutter Medical
Hastand Export
Cayley Chemical Corp.

Local:

K. C. Kentuga
Avon Crown Caps
Enkay Plastic Limited
I. F. Johnson Limited
Nass Venture Limited

The company is not associated with its suppliers.

30. Comparative figures

Certain comparative figures have been restated in line with the presentation in the current year for a meaningful comparison.

31. The financial statements were approved by the Board of Directors on 27 March 2012.

**STATEMENT OF VALUE ADDED
FOR YEAR ENDED 31 DECEMBER 2011**

	2011		2010	
	N'000	%	N'000	%
Turnover	205,801		270, 227	
Other operating income	4,628		5,067	
	210,429		275,294	
Bought in goods and services:				
- Imported	(78,853)		(73,526)	
- Local	(88,587)		(165,627)	
	42,989	100	36,141	100
Applied as follows:				
To pay employees:				
Salaries, wages, pension and social benefits	46,939	109	42,021	116
To pay Government:				
Taxation	-	-	-	-
To provide for replacement and development:				
- Deferred taxation	(2,264)	(5)	(555)	(1)
- Depreciation	24,451	57	27,802	77
- Profit and loss account	(26,137)	(61)	(33,127)	(92)
	42,989	100	36,141	100

Value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth among the employees, shareholders, government and that retained for the future creation of more wealth.

FINANCIAL SUMMARY

31 DECEMBER	2011	2010	2009	2008	2007
	N'000	N'000	N'000	N'000	N'000

BALANCE SHEET**ASSETS**

Tangible assets	400,196	368,581	394,466	412,139	67,858
Current assets	177,354	189,132	198,638	177,277	163,475
Current liabilities	(118,356)	(125,381)	(126,144)	(94,522)	(82,186)
Deferred taxation	(4,829)	(7,093)	(7,648)	(7,559)	(5,722)
Provision for liabilities and charges	(21,422)	(21,890)	(22,836)	(22,393)	(17,980)
	432,943	403,349	436,476	464,942	125,445

CAPITAL AND RESERVES

Share capital	76,090	76,090	76,090	76,090	76,090
Revaluation reserve	330,289	330,289	330,289	330,289	676
Share premium	21,489	21,489	21,489	21,489	21,489
General reserve	(50,656)	(24,519)	8,608	37,074	27,190
	432,943	403,349	436,476	464,942	125,445

PROFIT AND LOSS ACCOUNT

Turnover	205,801	270,227	270,330	369,232	221,765
(Loss)/profit before taxation	(28,401)	(33,682)	(20,452)	20,165	536
(Loss)/profit after taxation	(26,137)	(33,127)	(20,857)	14,449	5,490

PER SHARE DATA (KOBO):

(Loss)/earnings:

- Basic	(17)	(22)	(14)	9	4
- Diluted	-	-	-	-	4
Net assets	284	265	287	306	82

Notes:

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

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

SHARE CAPITAL HISTORY

DATE	AUTHORISED SHARE CAPITAL		ISSUED AND FULLY PAID		CONSIDERATION
	=N=	UNITS OF N2 EACH	=N=	UNITS	
29-06-55	40,000	20,000	8,000	4,000	Cash
31-10-57	100,000	50,000	40,000	20,000	Cash
31-12-58	100,000	50,000	100,000	50,000	Cash
12-02-62	150,000	75,000	150,000	75,000	Cash
29-07-66	5,000,000	250,000	300,000	150,000	Scrip Issue
17-08-72	500,000	250,000	400,800	200,000	Cash
18-07-75	2,000,000	1,000,000	601,200	300,600	Scrip Issue
17-02-76	2,000,000	1,000,000	1,202,400	601,200	Scrip Issue
19-08-77	4,000,000	2,000,000	2,404,800	1,202,400	Scrip Issue

12-09-77 SUB-DIVIDED INTO SHARES OF 50 KOBO EACH

31-12-79	40,000	8,000,000	3,607,200	7,214,400	Sub-division
30-12-90	12,000,000	24,000,000	3,607,200	7,214,400	-
15-08-91	12,000,000	24,000,000	5,410,800	10,821,600	Scrip Issue
11-08-94	25,000,000	50,000,000	8,116,200	16,232,400	Scrip Issue
17-09-96	25,000,000	50,000,000	16,232,400	32,464,800	Right Issue
01-07-99	25,000,000	50,000,000	24,348,600	48,697,200	Scrip Issue
26-07-00	100,000,000	200,000,000	36,522,900	73,045,800	Scrip Issue
19-07-01	100,000,000	200,000,000	45,653,625	91,307,250	Scrip Issue
08-11-07	100,000,000	200,000,000	76,089,375	152,178,350	Scrip Issue

TEN YEAR DIVIDEND HISTORY

DIVIDEND PAID IN THE LAST TEN YEARS

YEAR	PBT N,000	PAT N,000	DIVIDEND N,000	GROSS DIVIDEND	SCRIP ISSUE
2002	10,991	6,341	5,478	6 Kobo	
2003	16,037	9,521	6,848	7.5 Kobo	
2004	19,695	9,667	9,131	10 Kobo	
2005	10,804	10,762	9,131	10 Kobo	
2006	14,282	8,147	-	-	(Two for three Scrip Issue)
2007	536	5,490	4,565	3 Kobo	
2008	20,165	14,449	7,609	5 Kobo	

P.B.T. - PROFIT BEFORE TAX

P.A.T. - PROFIT AFTER TAX

SHAREHOLDER'S ADMISSION FORM TO THE 57TH ANNUAL GENERAL MEETING

Please admit shareholder or in his/her place

Chief/Mr/Mrs/Miss.....

to represent him/her, at the 57TH ANNUAL GENERAL MEETING of the Company to be held at 11:00am on Thursday 2nd August, 2012 at **Osun Hall, Lagos Airport Hotel, 111, Obafemi Awolowo Road, Ikeja, Lagos.**

THIS FORM SHOULD BE COMPLETED, TORN OFF, AND PRODUCED BY THE SHAREHOLDER OR HIS/HER NOMINEE IN ORDER TO GAIN ENTRANCE TO THE MEETING.

Please see also the Proxy Form on

ADEBOLA AJANAKU (MRS.)
Ag. Company Secretary/Compliance Officer

No. of Shares

Name and Address of Shareholder

MORISON INDUSTRIES PLC.

PROXY FORM

57TH ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M. ON THURSDAY 2ND AUGUST, 2012 AT **OYO HALL, LAGOS AIRPORT HOTEL, 111, OBAFEMI AWOLowo ROAD, IKEJA, LAGOS.**

I/We*.....being member/ members of MORISON INDUSTRIES PLC. hereby appointor failing him/her the Chairman as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday 2nd August, 2012 and at any adjournment thereof.

Dated this..... day of.....2012

Signature.....

NOTES

1. To be valid, this proxy must be duly stamped as directed in the notes contained in the notice of meeting and it must reach the registered office of the Company not less than 48 hours before the time for holding the meeting.
2. If executed by a corporation, the proxy card should be sealed with the Common Seal.
3. In the case of joint holders, the Signature of any of them will suffice, but the names of all joint shareholders should be shown.

	RESOLUTION	For	Against
1.	To adopt the Reports and Accounts		
2.	To elect as Director: Mr. Richard O. Titiloye Mr. Godwin O. Oteri		
3.	To re-elect the following Directors: Senator M. A. Muhammed Mr. R. J. Lyons		
4.	To authorise the Directors to fix the Auditors' remuneration		
5.	To appoint members of the Audit Committee.		
6.	To approve the Directors Remuneration		

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

ADEBOLA O. AJANAKU (MRS)

Ag. Company Secretary/Compliance Officer