



**INTRAVENOUS INFUSIONS PLC**

MANUFACTURERS OF PHARMACEUTICAL PRODUCTS

*"Saving lives since 1969"*

# ANNUAL REPORT 2020



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# AGENDA

## NOTICE OF VIRTUAL ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the VIRTUAL Annual General Meeting of the Company will be held on Friday, 25<sup>th</sup> June, 2021 at 11 a.m.

1. Opening
2. To receive the report of the Directors, the audited Financial Statements for the year ended 31<sup>st</sup> December, 2020 and the report of the Auditors thereon
3. To declare a dividend
4. To re-elect Directors
5. To ratify the appointment of Mr. Moukhtar Soalihi as a Director
6. To approve the remuneration of the Directors
7. To authorize the Directors to fix the fees of the Auditors

BY ORDER OF THE BOARD

Sgd.

.....  
COMPANY SECRETARY  
INTRAVENOUS INFUSIONS PLC

ACCRA: JUNE 04, 2021

### Distribution

All Members, All Directors and the External Auditors

### Note:

- 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 AGM shall be by online participation
- ii. A member entitled to attend and vote at the AGM 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 shall be deemed to be revoked.
- iv. Copies of the 2020 Annual Report and proxy form can be downloaded from <https://iiplcagm.com> from June 15, 2021 and the proxy form may be completed and sent via email to: [shareregistry@gcb.com.gh](mailto:shareregistry@gcb.com.gh) or deposited at the registered office of the Registrar of the Company, Share Registry, GCB Bank Limited, High Street, Accra or posted to the Registrar at P.O. Box 134, Accra to arrive not later than 10.00 GMT on Friday, June 18, 2021.

### Accessing and Voting at the Virtual AGM

- v. A unique token number will be sent to you by email or SMS from June 18, 2021 to give you access to the meeting. Shareholders who do not receive this token can contact the Share Registry on: [shareregistry@gcb.com.gh](mailto:shareregistry@gcb.com.gh) or call 0302 668712 any time after June 18, 2021 but before the date of the AGM to be sent the unique token.
- vi. To gain access to the virtual AGM, shareholders must visit <https://iiplcagm.com> and input their unique token number on Friday, June 25, 2021. For shareholders who do not submit proxy forms to the Registrar of the Company prior to the meeting, they may vote electronically during the virtual AGM again using their unique token number. Further assistance on accessing the meeting and voting electronically can be found on <https://iiplcagm.com>.



# RESOLUTIONS

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- 1 To receive the report of the Directors, the audited Financial Statements for the year ended 31st December, 2020 and the report of the Auditors thereon.
- 2 To declare a dividend.
- 3 To re-elect directors.
- 4 To ratify the appointment of Mr. Moukhtar Soalihi as a Director.
- 5 To approve the remuneration of the Directors.
- 6 To authorize the directors to fix the fees of the auditors.

# **CLOSURE OF REGISTER OF MEMBERS**

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**NOTICE IS HEREBY GIVEN** that pursuant to Section 37 of the companies Act, 2019 (Act 992) and Part VI, Section 40 (b) of the Ghana Stock Exchange Listing Rules, 2006, the Register of Members of **INTRAVENOUS INFUSIONS PLC** will be closed to the general public from **Monday, June 28, 2021 to Tuesday, June 29, 2021**, both dates inclusive.

FURTHER NOTICE IS GIVEN that shareholders registered in the books of the company as at close of business on **Friday, June 25, 2021** will qualify for the final dividend declared for the year ended December 31, 2020.

Dated at GCB Registry, Head Office, Thorpe Road/High Street Accra, this June 21, 2021

Sgd.

.....  
**Michael K. Wereko**

GCB Registrars

For Intravenous Infusions PLC



## CORPORATE VISION

The corporate vision of IIPLC is to be a leading manufacturer and supplier of pharmaceutical and medical products in Africa in the 21st century.

## CORPORATE MISSION

The mission of IIPLC is to dominate the IV fluids and small volume injectable market in West Africa through the delivery of high quality pharmaceutical products at competitive prices and supported by an active and energetic marketing agenda.

## CORPORATE VALUES

The corporate culture of IIPLC is guided by the five fundamental values:

- Product quality and cleanliness;
- Commitment and dedication;
- Personalization and respect;
- Reliability and efficiency; and
- A partnerships approach to business building with clients to anticipate needs and provide proactive solutions.





# CHAIRMAN'S REPORT

**ISAAC OSEI, CHAIRMAN**

## Introduction

Ladies and Gentlemen, on behalf of the members of the Board of Directors, it is my honour to welcome all of you to the 5<sup>th</sup> Annual General Meeting (AGM) of Intravenous Infusions PLC after the successful listing of the company in the Alternative Market of the Ghana Stock Exchange.

A key business of this AGM will be to receive the Report of the Directors, the Audited Financial Statement for the year ended 31<sup>st</sup> December, 2020 and the Report of the Auditors thereon.

In the year 2020, the world witnessed the emergence of the COVID-19 disease. In 2020, the disease resulted in the lockdown of the economies of many countries around the world; leading to the disruption of the international supply chains, livelihoods and incomes of corporate bodies and households. All sectors of the Ghanaian economy were affected. In the Health sector, our health facilities came under stress and all hospitals across the country were forced to reduce their admissions in order to create space for emergency admissions of COVID-19 patients. This resulted in the reduction of consumption of IV fluids during the period.

## Economic Review

The economy of Ghana grew at a very slow pace during the year due to the negative effects of COVID-19. The growth of Real Gross Domestic Product declined from 6.5% in 2019 to 0.4% in the 2020 fiscal year reflecting the much lower activity in the extractive industry and hospitality sector. Headline inflation increased steadily from 7.9% at the end of 2019 to 10.4% due mainly to food price pressures and panic-buying of commodities

preceeding the Government's announcement of COVID-19 measures for the partial lockdown of the country. Interest rates trended downwards as the Bank of Ghana lowered the policy rate to 14.5% from the previous level of 16% in 2019 and kept the rate at the same level throughout 2020. The 91-day treasury bills rate declined to 14.08% by December 2020 from 14.69% in December 2019. The local currency performs creditably well against the United States Dollars depreciating by 3.9% in 2020.

## Financial Review

Distinguish Ladies and Gentlemen, your company recorded a reduction of 10.47% in revenues in 2020. The reduction reflects the negative impact of the COVID-19 pandemic on our operations during the period. It is significant to note that the adverse effects of COVID-19 on our operations was stronger during the first six(6) months of 2020 as Government measures to contain the disease were strictly enforced. However, in the second half of 2020, our revenues began to grow as measures were relaxed and life started returning to normal.

Ladies and Gentlemen, despite the problems resulting from the rapid spread of the pandemic, we had some successes in enhancing value to Shareholders. The existing controls were strengthened and new ones introduced. This resulted in an increase in operational efficiency at all levels of the organizational value chain with operational costs declining by 9.7% (2019: increased by 18.1%) year on year. Your company made a profit of GHS1,450,885 resulting in an increase in retained earning by 36.6%. Total assets grew by 22.5% (2019: 14.8%) year on year as a result of using both internal and external funds for

investments in plant and equipment and other operating assets aimed at creating future value for Shareholders.

### Impact of COVID-19

Ladies and Gentlemen, as you are aware, the coronavirus disease commonly referred to as COVID-19 originally started in China at the last quarter of 2019 and soon spread to other parts of the world in the early part of 2020. The economies of many countries came under a complete lockdown and international travels, trade arrangements and supply chains were disrupted leading to temporary scarcity of commodities. The prices of commodities in the international markets increased considerably.

In Ghana, the first case of the disease was recorded in the Greater Accra Region on 12th March 2020. The virus soon spread to other regions of Ghana within a short period of time. To contain the disease, the Government rolled out a number of COVID-19 restrictive measures and protocols including a partial lockdown of two major cities, Accra and Kumasi. These measures constrained Ghanaian people from moving about and carrying out their social and economic affairs freely. Our national economy came under significant stress with all sectors of the economy recording low output.

The Health sector of the economy was not spared. Government had to refocus its resource allocation to the Health sector to contain the virus. All hospitals recorded very low outpatients department (OPD) attendance and in many of the hospitals, the attendance rates were as low as 42% during the peak of the pandemic. The stigma of being infected among the populace, kept many people from seeking medical help in the hospitals. The low intake of patients and the reduction in surgeries at the hospitals across the country reduced the demand and consumption of our products reflecting the decline in revenue recorded during the year 2020.

Despite the negative impact of COVID-19, we have taken the opportunity presented by the virus to go into the production and sale of hand sanitizers and handwashing soaps. The impact of which will be manifested in subsequent years.

### Construction of a new factory premises and loan facilities

Dear Shareholders, in my last address to you at the 2019 AGM, I indicated that a medium term loan

facility of US\$3.2 million had been secured from Ecobank Ghana Ltd under the Government of Ghana Stimulus Package for the procurement of plant and machinery; and expansion of the factory. I am happy to announce to you that new plant and machinery have been procured and delivered to the factory awaiting installation. We have obtained approval from Food and Drugs Authority (FDA) for the commencement of the construction of the new factory premises. The Board and Management are currently sorting out some technical and financial details to make way for the commencement of construction of the premises.

### Capitalization

Ladies and Gentlemen, in 2017, immediately after the Initial Public Offer (IPO), the Board came to Shareholders for approval to raise the additional funds through a Private Placement Offer. We are happy to inform you that the company received approval from Security and Exchange Commission (SEC) for the listing of the additional shares of 32,200,000 from the conclusion of the Private Placement offer which took place on April 8, 2019. In all the company raised GH¢3.22 million from a possible GH¢5.4 million. The funds received were used to support the company's working capital requirements and partial payment for equipment purchases. In addition, the National Investment Bank (NIB) in May 2019 agreed to convert a loan of GHS1.56 million owed them by the company to an equivalent number of shares of 15.6 million. These new capital injections together with the profits made for the year increased the Shareholders funds by 22.3%.

### Outlook

The Board has a positive view of the future of our business despite the effects of COVID-19. Policies aimed at maximizing revenue and profits to Shareholders will be vigorously pursued. To this end, we will strengthen our local market dominance and the export market opportunities will be pursued. The Board will intensify its ongoing collaboration on product development with Kwame Nkrumah University of Science and Technology (KNUST) School of Pharmacy. As part of our product diversification strategy a number of new products are being brought on board under a contract manufacturing arrangement with a company from India. In addition, the company is venturing into other non-drug areas such as medical consumables and disposables.



## Corporate Governance

Corporate Governance has, over the years, been an important shared responsibility of the Directors and Management.

The Board remains committed to the highest principles of corporate governance commensurate with its size and has played its policy formulation role and exercised its oversight responsibility role to ensure that the company meets its obligations to its Shareholders.

The company supports the concept of an effective Board leading and controlling. The Board meets four (4) times a year and has a schedule of matters specifically reserved to it for decision. Training is available and is provided for new Directors as necessary.

The Board consists of one (1) independent Director, one (1) executive Director and five (5) non-executive Directors including the Chairman. The Directors bring a breath of experience and knowledge in running the affairs of the company. The Board members are described on Pages xx-yy. All Directors are subject to re-election every three (3) years and at the first AGM after appointment. Non-executive Directors retire by rotation in accordance with the Company's Articles of Association and two of the Directors retire each year.

## Internal Controls

The Board is responsible for maintaining a sound system of internal control to safeguard Shareholders' investment and the company's assets. The system of internal control is designed to provide reasonable assurance against material mis-statement or loss. In this regard, the Board has appointed an Internal Auditor and has strengthened the Internal Audit unit to perform its role of ensuring Management compliance of existing systems and controls for the effective management of the company's resources.

The Board has reviewed the operation and effectiveness of the company's system of internal control for the financial year and the period up to the date of approval of the financial statements.

In this respect, the Board has overseen the transformation of the company to meet the challenges of the ever-changing business environment. Transparency, accountability and internal controls have been paramount in our dealings with Management, Regulators and Government institutions in general. In the discharge of its responsibilities, the Board has institutionalized a Committee system of governance to ensure expeditious resolution of all corporate issues.

Your company continues to be a shining example of Ghanaian entrepreneurship.

## Changes in Board of Directors

During the year, Mr. Emmanuel Blankson was appointed non-executive Director in February 2020, as a representative of National Investment Bank (NIB). Mr. David Klutse resigned from the Board in May 2020 as Managing Director and Mr. Soalihu Moukhtar was appointed as the new Managing Director in September 2020, having been in acting capacity for five (5) months.

## Dividends

The Board of Directors is highly committed to shareholder value creations and will pursue policies to ensure the generation of adequate returns to Shareholders. Ladies and Gentlemen, despite the negative impact of COVID-19 on our profitability, I have the pleasure to recommend a dividend of GH¢ 0.00291 per ordinary share for the financial year 2020.

## Conclusion

We constantly seek ways to improve our corporate governance, pursue engagement with the many diverse stakeholder groups such as the Shareholders, policy makers, customers, regulators and the society as a whole. We are convinced these exchanges benefit your company.

Finally, I wish to express my gratitude to our cherished customers, Secretary, Dehands Services Ltd., our auditors, Intellisys Chartered Accountants, our regulators, the FDA and all the other business partners for their dedication and hard work which in no small way contributed in making 2020 a successful year. I wish to also convey my personal commendation to the Directors, Management and Staff for their hardwork in the face of a very difficult business environment.

I am confident that, given the trends that we are observing, we will be able to fulfil our obligations to Shareholders as indicated in our listing Prospectus.

Sincerely,



**Isaac Osei**  
**Chairman of the Board of Directors**  
**June 25, 2021**

# CORPORATE INFORMATION

## DIRECTORS:

Isaac Osei	Chairman
Moukhtar M. Soalihu	Managing Director - Appointed (September 2020)
Leon K. Appenteng	Non-Executive Director
Samuel A. Appenteng	Non-Executive Director
Nana Owusu Banahene	Non-Executive Director
Emmanuel Blankson	Non-Executive Director- Appointed (February 2020)
Prof. (Mrs) Gladys Amponsah	Independent Director
Prof. Williams A. Atuilik	Non-Executive Director - Appointed (May 2019)
David Klutse	Executive Director - Resigned (May 2020)

## SECRETARY:

Dehands Services Limited

## REGISTERED

No. 9 Carrot Avenue

## OFFICE

P. O. Box CT 9347 Accra

## AUDITORS

Intellisys Chartered Accountants  
 2 Landzeh Crescent  
 North Dzorwulu  
 Accra

## BANKERS

National Investment Bank Limited  
 ADB  
 CAL Bank Limited  
 Ecobank (Ghana) Limited  
 Ecobank (Cote D'ivoire) Limited  
 Barclays Bank Ghana Limited  
 Consolidated Bank Ghana Limited  
 GCB Bank Limited  
 Zenith Bank Ltd

# BOARD OF DIRECTORS



**ISAAC OSEI, CHAIRMAN**

Mr. Isaac Osei has many years of rich experience in both public and private sector management. After completing Achimota School in 1970, he studied at the University of Ghana, Legon where he graduated with B.Sc. (Hons) Degree in Economics. He further studied Mathematics and Statistics at the Economics Institute, University of Colorado in Boulder, USA. Mr. Osei also holds a master's degree in Development Economics from the prestigious Williams College in Massachusetts, USA.

He began his career at the Ministry of Finance and Economic Planning in Ghana where he worked at the Industry, Mining and Forestry Division prior to moving to the Macro- Economic Section of the Ministry.

Mr. Osei was appointed as High Commissioner to the United Kingdom and Ambassador to Ireland (2001- 2006). While in London, he was elected to the position of Chairperson at the Board of Governors of the Commonwealth Secretariat, UK and served for two (2) years.

As Chief Executive Officer of Ghana Cocoa Board (Cocobod) in 2006, Mr. Osei led the Board to make investments in yield enhancing schemes, cocoa disease and pests control as well as trade logistics infrastructure which saw Cocobod attaining an astounding production target of one million tonnes of cocoa within three years. He served as Vice Chair of the Executive Committee of the International Cocoa Organization and was a member of the Consultative Board on the World Cocoa Economy.

He served as Chairman of Cocoa Marketing Company (UK) Ltd and was a member of the Boards of Aluworks Ghana Ltd, Cocoa Processing Company Ltd and WAMCO.

He founded Ghanexim Economic Consultants Ltd in 1978 and consulted for the World Bank, USAID and the Ghana Government on several projects in Ghana. Mr. Osei was also the Managing Director for E.K Osei Engineers & Contractors Company, as well as Intravenous Infusions Ltd. He was also Chairman of Ghana Petroleum Mooring Systems Ltd and was Managing Director of Tema Oil Refinery from January 2017 to December 2019 in both positions.

Currently, Mr. Osei serves as the Board Chairman of Algebra Securities Ltd and Algebra Capital Management Ltd. Mr. Osei represented the Subin Constituency in Kumasi, Ashanti Region of Ghana as its Member of Parliament from 2009-2017. He was the ranking member of the Trade, Industry and Tourism Committee from 2009-2013, ranking member of the Committee on Foreign Affairs between 2013-2017. He served as a member of the Parliament's House and the Poverty Reduction Committees and on the Ad-hoc Committee which prepared the Code of Conduct for Members of Parliament, just to mention but a few.

He joined the Board of Intravenous Infusions PLC on 16th December, 1988 and is currently its Chairman.





**Moukhtar M. Soalihi, MANAGING DIRECTOR**

Mr. Moukhtar M. Soalihi has over 20 years' experience in senior and executive management positions. Prior to this appointment, he was the head of finance at the IIPLC for over ten years. He holds an MBA with specialization in Finance from the Kwame Nkrumah University of Science and Technology (KNUST), Kumasi and a Bachelor's Degree from the University of Cape Coast (UCC). He is a member of the Institute of Chartered Accountants, Ghana (ICAG).

Before joining IIPLC in 2004, he worked as a Finance Officer for Village Water Project. The incumbent is a seasoned finance, accounting and auditing expert, with over ten (10) years of experience in the pharmaceutical industry and will continue to oversee the effective use of the company's resources such as human resources, machinery and equipment, vehicles and consumables; prepares the financial reports and advise both management and Board of Directors on prudent, sound and healthy financial management practices of the company to achieve cost effectiveness in the company's operations in line with the intent of the business plan. He joined the Board of IIPLC in September, 2020.

He is also a council member of Koforidua Technical University.



**LEON APPENTENG, NON- EXECUTIVE DIRECTOR**

Mr. Leon Kendon Appenteng has over 35 years professional experience in commerce, trade and manufacturing to his credit.

Mr. Appenteng was the Managing Director of Vacuum Salt Products Limited in Sege, Ada from 1994 to 2018 and Panbros Salt Industries Limited from 1998 to 2007 where he was instrumental in establishing the first salt refinery in Ghana. Additionally, he served as a member of the President's Special Initiative (PSI) on Salt under the Ministry of Trade and Industries. He was also the President of the National Association of Salt Producers (NASPAG) from 2001 to 2007. During this time the Association became a strong cohesive group which ensured significant investment within the industry.

Mr. Appenteng undertook and completed his entire formal education in England by attending Little Hampden Manor School, Buckinghamshire and Aldenham School, Hertfordshire. He holds an LL.B (Hons) as well as a M.A. (Business Law) from the London Metropolitan University and also obtained certificates in Strategic Business Planning and Preparation of Business Plans from GIMPA.

He is currently the Executive Chairman of AIC Limited, LKA Properties Ltd and AI Acquisitions Limited; the latter being the leading shareholder in Intravenous Infusions PLC.

Mr. Appenteng also serves as a Chairman on the Boards of Appenteng Mensah & Company Limited and Mandilas (Ghana) Limited.

In addition, he is a company Director of Ace Medical Insurance, Ghana Petroleum Mooring Systems Ltd, Tema Oil Refinery and SLID Industries. He also serves on the Board of Governors of the All Nations University, Koforidua.

He joined the Board of Intravenous Infusions PLC on 18<sup>th</sup> Dec, 1995.



Mr. Samuel Kwadjo Agyapong Appenteng is an Engineer by profession. He is a successful Entrepreneur. He gained in-depth industry and business leadership experience from 20 years of working as Technical Manager, Director Technical and General Manager at IIL. He has managed the Joissam Group (Joissam Ghana Ltd and Joissam Gabon S.A.R.L) as Managing Director for 15 years.

He served on the National Council of the Association of Ghana Industries (AGI) for 19 years, rising from Eastern Regional Chairman (9years) to National Treasurer (4years) and the National Vice-President (6years).

He served as Council Member for both Koforidua Technical University and the Methodist University College Ghana. He is currently a Director of Shedak Industries Ltd, Eastern Premier Hotel, IFS Capital Management Ltd, Development Fund for Industries (DFI).

He is a member of the Seed Transformation Network (STN) of the Stanford University SEED program as well as a member of the Invest In Africa (IIA)-Africa Partnership Pool.

Mr. Samuel Kwadjo Agyapong Appenteng holds an MBA Finance and BSc. Chemical Engineering from University of Leicester, UK and also a graduate from KNUST, Kumasi. He is a corporate member of the Ghana Institution of Engineers, a fellow of the African Leadership Initiative West Africa and an affiliate of Aspen Institute of Colorado, USA. He joined the Board of Intravenous Infusions PLC on 12th March, 2009.



**NANA OWUSU BANAHENE NON- EXECUTIVE DIRECTOR**

Nana Osei Owusu Banahene is the Nkosuohene of Asanteman, at the Manhyia Palace, Kumasi. He is an Educationist by profession. He attended Mfantipim School at Cape Coast and is also a graduate of the Wesley College, Kumasi. He taught in several institutions between 1981 – 1985 before joining Messrs E. K. Osei Engineers and Contractors Company Ltd. (1985 – 1993), a family civil construction firm as an Operations and Purchasing Manager. In addition to his traditional responsibilities, Nana is the Managing Director of his own civil engineering and construction firm, Messrs Banasuo Construction Limited, which is very active in the construction business in the Ashanti Region. He has also previously served as a presiding member for the Kumasi Metropolitan Assembly.

Nana is currently a Director of Intravenous Infusions Limited and KAS Products Limited - a stone quarry at Buoho near Kumasi. Nana has attended several programmes on development strategies, leadership, alternate dispute resolution, negotiation and conflicts resolution, skills which he brings to bear on the corporate governance of Intravenous Infusions PLC.

He joined the Board of Intravenous Infusions PLC on 18<sup>th</sup> September, 2001.



**EMMANUEL BLANKSON NON- EXECUTIVE DIRECTOR**

Emmanuel is a Banker with over twenty (20) years' experience. His work experience cuts across Accounting Practice, Insurance and Banking industries.

His banking career spanned from Internal Audit, Corporate Credit, Business turn around, Product development, Financial Control and Financial management & Strategy. He is currently the General Manager, Finance & Strategy of National Investment Bank Ltd and has held various Executive Management positions in the past including, Ag. Chief Finance Officer- First Atlantic Bank Ltd and General Manager, Internal Audit- Heritage Bank Ltd. He serves on the Boards of Accra market Ltd.

Emmanuel holds a Bachelor's degree in commerce from the University of Cape Coast and is an MBA (Finance) graduate from the University of Leicester School of Business. He also holds certification in Strategy in Digital Disruption from INSEAD and is a PECB certified ISO/IEC 27001 Lead Implementer. He is a Chartered Accountant and a member of the Institute of Chartered Accountants (Ghana).

He joined the Board of Intravenous Infusions PLC in February 2020.



Prof. Mrs. Gladys Amponsah is a Professor of Anaesthesia and a former Vice Dean of the School of Medical Sciences, University of Cape Coast. She also doubled as the Head of Department of Anaesthesia and Pain Management at the School of Medical Sciences.

Prof. Mrs. Amponsah has served as an Independent Director at Intravenous Infusions PLC since July 2, 2014. Before then, she was an Alternate Director of the Company from February 1999. She was formerly at the University of Ghana Medical School as a Senior Lecturer and Head of Department. She is an Examiner of the West African College of Surgeons and the Ghana College of Physicians and Surgeons. She has considerable Board experience in the field of medicine and her periodic advice on the changes in the medical field has been significant in the deliberations of the Board.

She has served on a number of Boards and Committees, both within and outside Ghana. She has been a member of the Physician Assistants' Committee of the Medical and Dental Council of Ghana since October 2017. She is a fellow of the West African College of Surgeons and a foundation Fellow of the Ghana College of Physicians and Surgeons.

She was honoured with a Meritorious Award as part of the 10th anniversary celebrations of the Ghana College of Physicians and Surgeons in Accra in December 2013. She was honoured by the 1987 and 1997 graduation classes of the University of Ghana Medical School in 2017 for her contribution towards their medical training.

The Institute of Directors - Ghana conferred on her an honorary award in recognition of her leadership qualities demonstrated over many years in November 2019. She was elected a Fellow of the Ghana Academy of Arts and Sciences in December 2019 and was inducted in November 2020. A plaque was recently presented to her by the West African College of Surgeons as a former Country Representative in recognition of her selfless service and contributions to the growth and upliftment of the West African College of Surgeons.

She has a number of professional publications including a textbook to her credit. Prof. Mrs. Amponsah holds MB-CHB, a degree in medicine, from the University of Ghana and FRCA, a postgraduate degree in Anaesthesia, from the Royal College of Anaesthetists, England.

Prof. Mrs. Amponsah is currently the Head of Department of the BSc Anaesthesia Programme and part-time Lecturer at the School of Anaesthesia and Critical Care, at the Greater Accra Regional Hospital, Ridge. The School has recently trained 15 international students from Sierra Leone, South Sudan and Yemen. All 15 obtained the Diploma in Anaesthesia out of which 14 students went on to obtain the BSc Anaesthesia degree from the University of Cape Coast.





**PROF. WILLIAMS A. ATULIK NON- EXECUTIVE DIRECTOR**

Prof. Williams Abayaawien Atuilik is a Chartered Accountant, Barrister at Law, a Tax Consultant, a Chartered Banker and a Chartered Economist. He is the Provost of Heritage Christian College and Dean of the School of Graduate Studies and Research at Heritage Christian College. He is the Managing Consultant of Massim Consult, a Consulting firm that provides consulting & business advisory services, audit and assurance services, research services and training services; and a Partner of Akanbek, Atuilik & Associates, a firm of barristers, solicitors and tax consultants.

### **Professional Background**

He has worked in various capacities in the past including: Public Finance Manager for the Pan African Federation of Accountants (PAFA) (providing PFM support to PAFA member countries within the African region); PFM Consultant on Trade facilitation to Ministry of Finance, Ghana under the sponsorship of USAID; PFM Consultant providing training on Ghana's PFM Act, 2016 (Act 921) to several institutions in Ghana; PFM Workstream Lead for the Ghana Oil & Gas for Inclusive Growth (GOGIG) programme funded by DFID working to strengthen government institutions responsible for the management of Ghana's oil & gas revenue; PFM Specialist for World Health Organisation in Somalia, Senior Lecturer in Public Financial Management in Liberia, PFM consultant to the Ministry of Finance in Somalia, PFM Consultant to World Bank in Sierra Leone, Technical Advisor to the Ministry of Finance in Liberia under the African Development Bank, Chief Financial Officer of Village of Hope (an NGO that runs an orphanage, clinic, farms and schools); Audit Manager at Adom Bofofo & Associates; Accountant at the Kwame Nkrumah University of Science & Technology, and Legal Practitioner at the Law Offices of Kwame Agati.

### **International Consultancy**

Williams has been involved in several consultancies on behalf of the Institute of Chartered Accountants (Ghana), African Development Bank, the World Bank, USAID, WHO, DFID, Massim Consult and on his own behalf as an independent consultant. He has provided consulting services in countries such as Ghana, South Africa, Liberia, Somalia, Sierra Leone, and Botswana in the areas of Accounting and Financial Management with emphasis on Public Financial Management, International Public Sector Accounting Standards, International Financial Reporting Standards, and Corporate Governance

### **Academic Experience**

Williams has lectured and served as Examiner/Moderator in Accounting and Law courses in various institutions and universities in Ghana and Liberia including: the Institute of Chartered Accountants (Ghana), the Chartered Institute

of Bankers (Ghana), University of Ghana Business School, Methodist University College Ghana, Ghana Institute of Management and Public Administration, All Nations University College, Institute of Local Government Studies, Islamic University of Ghana, Kwame Nkrumah University of Science and Technology, Zenith University College, Centre for Business Studies, University of Liberia, Stella Maris Polytechnic, Liberia Institute of Certified Public Accountants, etc. He has over 20 publications to his credit.

### **Education**

Williams holds a Ph.D. in Business Administration (Accounting) from Capella University, Minnesota, USA; MSc. In Public Financial Management from the University of London; MSc. In Business Administration (Finance) from GIMPA; MA in Economic Policy Management from the University of Ghana; LLB from the University of Ghana; and BSc. Business Administration (Accounting) from the University of Ghana.

### **Professional Associations/Memberships**

Williams is a member of the following professional bodies: Institute of Chartered Accountants (Ghana), Institute of Public Finance Accountancy (CIPFA), Liberian Institute of Certified Public Accountants, and the Ghana Bar Association. He is a fellow of the following professional bodies: Chartered Institute of Bankers (Ghana), Chartered Institute of Taxation (Ghana), Chartered Association of Chartered & Certified Economists, Ghana Institute of Management, and Honorary Fellow of the Institute of Directors (Ghana).

### **Governance**

He serves as the President of the Council of the Institute of Chartered Accountants (Ghana), Chairman of the Board of Governors of Fumbisi Senior High and Agriculture School, member of the following Boards: Tema Oil Refinery, Hope College, Alhet Insurance Brokers Ltd. Massim Farms Ltd. and some private limited liability companies in Ghana. Williams is also member of the IPSAS Implementation Committee of Ghana, Chairman of the Audit Committee of the Securities and Exchange Commission (SEC), and member of the Ghana Integrated Aluminum Development Corporation (GIADEC) Audit Committee. He served previously as a member of the Governing Council of the University of Ghana and Heritage Christian College.

# MANAGEMENT TEAM

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**MOUKHTAR M. SOALIHU**  
Managing Director



**KENNETH ADZA AWUDE**  
General Manager Technical/ Operations



**EDWARD B. ISSAKA**  
General Manager Marketing



**SOLOMON PUPLAMPU**  
Head Engineering



**ISAAC NSIAH - AFRIYIE**  
Head Safety Monitoring (Pharmacovigilance)



**SAMUEL MARFO**  
Head Internal Auditor

# REPORT OF THE DIRECTORS

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In accordance with the requirements of section 136 of the Companies Act 2019 (Act 992), we the Board of Directors of Intravenous Infusions Plc submit our report together with the audited financial statements of the Company for the year ended 31 December 2020.

## **Statement of Directors' responsibilities**

The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content in the presentation of the statement of financial position, results of operations and business of the Company, and explain the transactions and financial position of the business of the Company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Company and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal controls established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors meet these responsibilities, the Board sets standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatements or loss. The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the Directors have no reason to believe that the Company will not be a going concern in the foreseeable future.

## **1. Principal activities**

Intravenous Infusions PLC (IIPLC) is a pharmaceutical company producing and distributing Intravenous Fluids in Ghana and the West African sub-region. The main business activity of IIPLC is the production of Intravenous Infusions and small volume injectables for therapeutic purposes. Intravenous Infusions therapy commonly called IV



refers to the administration of fluids, drugs or blood directly into the circulatory system through a vein.

IPLC production process is regulated and certified by the Food and Drugs Authority (FDA) and Factory Inspectorate Division. Renewals for those certificates have been obtained for the 2020 financial year. The wholesaling and distribution are regulated by Pharmacy Council under the Health Professions Regulatory Bodies Act, 2013 (Act 857) and the certificate has been renewed for the 2020 financial year.

## 2. Financial Results

The statement of financial position has been signed by two Directors indicating the Board's approval of such statement of financial position and attached accounts on pages 10 to 38.

Retained earnings at 1 January  
 Profit for the year  
 Dividends paid  
 Retained earnings as at 31 December

2020	2019
GHS	GHS
3,966,998	3,090,264
1,450,885	1,870,608
(1,207,397)	(993,874)
<u>4,210,486</u>	<u>3,966,998</u>

## 3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 4. Events after reporting date

The Directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Company.

## 5. Impact of COVID-19

The COVID-19 Pandemic which occurred in 2020 resulted in the reduction of revenue of the Company. The Pandemic led to a reduction in demand of infusions as hospitals recorded low level of attendance at the OPD level by patients across all hospitals in Ghana between March and June 2020. The reduction is due to fear among the populace for being tested positive for the virus in view of the stigma that society attaches to the disease and also the government's protocols on the pandemic that included social distancing. Additionally, all the major Teaching and Regional hospitals suspended non-emergency surgeries leading to the reduction in consumption of infusions. These effects reflected in the significant decline in sales during the 3 to 4 months period of the year.

Despite the adverse effect on the demand pattern of infusions, the pandemic created an opportunity in the use of sanitizers. IPLC has taken advantage of the opportunity to engage in the production of hand sanitizers of various volume sizes. However, on the balance of scale, the negative impact exceeds the positive impact resulting in general loss in revenue across all product areas during the year.

## 6. Directors' interest in contracts

To our knowledge none of the Directors had any interest in contracts entered into during the year under review, hence there were no entries recorded in the Interests Register as required by Sections 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

## 7. Authorised and issued share capital

A total of 15,587,100 ordinary shares valued at GHS 1,551,983 was transferred to stated capital upon the completion of the registration process at the Registrar General's Department during the year.

## 8. Dividend

Dividend paid during the year amounted to GHS 1,207,397 (2019: GHS 993,874)

## 9. Directors

The Directors of the Company during the year and up to the date of this report are as follows:

Mr. Isaac Osei	Chairman
Mr. Moukhtar Soalih	(Appointed 1 September 2020) Executive Director
Mr. Leon K. Appenteng	Non-Executive Director
Mr. Samuel A. Appenteng	Non-Executive Director
Nana Osei Owusu Banahene	Non-Executive Director
Prof. (Mrs.) Gladys Amponsah	Independent Non-Executive Director
Prof. Williams A. Atuilik	Independent Non-Executive Director
Mr. Emmanuel Blankson	(Appointed 10 February 2020) Non-Executive Director
Mr. David Klutse	(Resigned 15 May 2020) Executive Director

## 10. Secretary

The Company designated secretary is Dehands Services Limited.

## 11. Corporate Social Responsibility

The Company donated infusions to Noguchi Memorial Institute to support the testing of the COVID-19 virus. This was done in November 2020.

## 12. Corporate Responsibility and Compliance

The Company is registered with the Environmental Protection Agency (EPA) and has obtained the environmental permit and certificate for the year 2020. The Company submits environmental reports annually as well as environmental management plan every 3 years.

## 13. Independent Auditors

Intellisys were the independent auditors for the year under review. The audit fee payable for the year 2020 was GHS 60,000 (2019: GHS 70,000).

The annual financial statements as set out on pages 10 to 38 were approved by the Board of Directors and signed on their behalf by:



Director



Director

Date 14<sup>TH</sup> MAY 2021

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2020

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The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure that the financial statements comply with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992). They are 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.

# CORPORATE GOVERNANCE

It is the policy of the Company to comply with international best practices in corporate governance to the extent appropriate for a company of its size.

Below are the committees and their terms of reference as established by the Board.

## FINANCE COMMITTEE

### Membership

Mr. Leon Appenteng	Chairman
Mr. Samuel A. Appenteng	Member
Prof. Williams Atuilik	Member
Mr. Emmanuel Blankson	Member
Managing Director	Member
General Manager (Finance and Administration)	In attendance

### Terms of Reference

The specific duties of this Committee are:

- a. To develop financial regulations for IIPLC
- b. Review all fiscal policies of the IIPLC and make recommendations to the Board for consideration and approval
- c. To collaborate with management in managing IIPLC's funds
- d. To review quarterly operational results to ensure that targets are met
- e. Monitor and report to the Board, IIPLC's financial performance and position
- f. To examine proposals for recurrent revenue and expenditure budgets and make recommendations to the IIPL Board
- g. To examine proposals for capital and development budgets and make recommendations to the IIPL Board
- h. To recommend for approval, all major capital and development expenditure
- i. To develop an investment policy for IIPLC and monitor its implementation
- j. To examine management reports as well audited accounts and to make recommendations to the IIPLC Board
- k. Recommend internal controls to ensure the safety and safe custody of assets of the Company
- l. To undertake any other relevant budgetary and financial assignment that the IIPLC Board may refer to it from time to time

## AUDIT COMMITTEE

### Membership

Prof. Williams Atuilik	Chairman
Prof. Gladys Amponsah	Member
Mr. Samuel A. Appenteng	Member
Mr. Emmanuel Blankson	Member
Managing Director	In attendance
Internal Auditor	In attendance
General Manager (Finance and Administration)	In attendance

### Terms of Reference

The specific duties of this Committee are:

- To provide oversight over the internal audit function of IIPLC
- To liaise with the external auditors for the purposes of ensuring audit quality in IIPLC
- To Review with the auditors (both internal and external auditors) their reports on transactions and operations of IIPLC and make recommendations to the Board
- To provide a direct channel of communication between the board and the external and internal auditors of IIPLC
- To oversee financial and operational risk management in IIPLC
- To assist the board in developing policies that would enhance internal control and operating systems in IIPLC
- To review the adequacy of systems and internal control and of the degree of compliance with policies, laws and the code of ethics and established business practices in IIPLC
- To examine management judgments and accounting estimates applied in financial reporting
- To confer with both management and the external auditor about IIPLC's financial statements
- Recommend the appointment of the external auditors of the corporate body
- To perform any other task assigned to it by the Board.

## HUMAN RESOURCE & GOVERNANCE COMMITTEE

### Membership

Prof. Gladys Amponsah	Chairman
Mr. Leon Appenteng	Member
Nana Osei Owusu Banahene	Member
Prof. Williams Atuilik	Member
Managing Director	Member

### Terms & Reference

The specific duties of this Committee are:

- To assist in the recruitment and selection of managerial personnel of IIPLC
- To examine proposals for IIPLC's manpower needs and staff recruitment

- c. To examine proposals for conditions of service of management staff of IIPLC and make recommendations to the Board for approval
- d. To guide the development, review and authorisation of all HR policies and procedures of IIPLC
- e. To make proposals on the Organisational Structure of the IIPLC in accordance with strategic business objectives to the Board for approval
- f. To recommend staff salary structure to the Board for approval
- g. To review staff job descriptions and make recommendations to the Board for approval
- h. To examine and report to the Board on the total staff strength of IIPLC, its adequacy, efficiency and effectiveness
- i. To review Executive Management performance and recommend compensation package for Executive Management to the Board for approval
- j. To make recommendations to resolve HR specific challenges of IIPLC brought to the attention of the Board
- k. To assist the Board to develop and implement an effective Corporate Governance system in IIPLC
- l. To ensure that the code of conduct and ethics of IIPLC are clearly defined and implemented
- m. To perform any other related matters to be referred to it by the IIPLC Board

## TECHNICAL COMMITTEE

### Membership

Mr. Samuel Appenteng	Chairman
Mr. Leon Appenteng	Member
Prof. Gladys Amponsah	Member
Managing Director	Member
General Manager (Technical & Operations)	In attendance
General Manager (Marketing)	In attendance
General Manager (Finance and Administration)	In attendance
Head of Engineering	In attendance
Head of Quality Assurance	In attendance

### Terms of Reference

The specific duties of this Committee are:

- a. To oversee over all matters relating to technical, engineering and production of all products lines of IIPLC
- b. To oversee operational and production related risks of IIPLC's operations
- c. To oversee the proper management of all assets of IIPLC
- d. To develop policies and methodology for asset management
- e. To consider any proposals for infrastructural expansion and make recommendations to the IIPLC Board

- f. To undertake any other relevant assignments that the IIPL Board may from time to time refer to it.
- g. To develop growth opportunities for the company
- h. Operational risk management
- i. To monitor quality assurance and quality control
- j. To review and update the CAPA report to the Food and Drugs Authority (FDA)
- k. To review the current Good manufacturing Practices (cGMPs)
- l. Review the technical agreements with technical partners
- m. New product development

### Systems of Internal Control

The company has well-established Internal Control System for identifying, managing, and monitoring risks. These are designed to provide reasonable assurance that the risks facing the business are being controlled. The corporate internal assurance 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 controls 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 performance 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, reliability of financial reporting, and strict adherence to the principles so as to eliminate the potential for illegal practices.

### Directors Emolument

The terms of Directors Emoluments including fees, allowances, salaries and meeting expenses for the 2020 financial year were set as follows:

	2020	2019
Fees	130,313	127,188
Allowances	420,210	173,660
Salaries	199,463	346,373
Bonuses	112,500	103,125
Expenses	132,072	66,020
<b>Total</b>	<b>994,558</b>	<b>816,366</b>

Name	Nationality	Age	Profession	Position	Other Directorship	Date of Appointment
Isaac Osei	Ghanaian	70	BSC (Econs) MA (Dev Econs)	Non-Executive Chairman	Algebra Securities Ltd. Algebra Capital Management Limited	16 <sup>th</sup> Dec. 1988
Moukhtar M. Soalih	Ghanaian	50	MBA (Finance) B.Com ICA(GH)	Managing Director	Koforidua Technical University	1 <sup>st</sup> Sept. 2020
Prof (Mrs.) Gladys Amposah	Ghanaian	75	MB CHB (UG), FGCPS, FGA, FRCA, FWACS	Independent Director	Centre for World Scientific Information Ltd.	2nd Jul. 2014
Leon K. Appenteng	Ghanaian	60	LLB (Hons) MA (Business Law)	Non-Executive Director	Hana Petroleum Mooring Systems AI Acquisitions Ltd. Appenteng Mensah & co. Tema Oil Refinery AIC Limited Mandilas Ghana Ltd.	18 <sup>th</sup> Dec. 1995
Samuel A. Appenteng	Ghanaian	61	Bsc. (Chemical Eng) MBA Finance	Non-Executive Director	IFS Capital Management Ltd. IFS Financial Services AGI Development Fund Eastern Premier Hotel Ghana Alternative Exchange Joissam Ltd.	12 <sup>th</sup> Mar. 2009
Prof. Williams A. Atuilik	Ghanaian	47	Ph.D. (Accounting), MSc (Finance) Msc. (PFM), MA (EPM), BSC (Admin.), LLB, CA, FCIT, FGIM, FCCE, CEPA, FloD (Gh.) ACIB, CPFA, CPA, Barrister at Law.	Non-Executive Director	Tema Oil Refinery Ltd. ALHET Insurance Brokers Ltd. Institute of Chartered Accountants, Ghana, Hope College Fumbisi Senior High School Massim Farms Ltd. Massim Constructions Limited	30 <sup>th</sup> May 2019
Nana Osei Owusu Banahene	Ghanaian	58	Diploma in Education Traditional Ruler	Non-Executive Director	KAS Products Ltd. Banasu Construction Ltd.	18 <sup>th</sup> Sep. 2001
Emmanuel Blankson	Ghanaian	46	BSC Commerce MBA Finance ICA(GH)	Non-Executive Director	Accra Markets Ltd Besime Global Ltd	10 <sup>th</sup> Feb. 2020



# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF INTRAVENOUS INFUSIONS PLC

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### Opinion

We have audited the financial statements of Intravenous Infusions Plc set out on pages 10 to 38, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the 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.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the 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 Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matters (continued)

Key audit matter	How we addressed the issue
<p><b>IFRS 9 Impairment</b></p> <p>As described in note 14 to the financial statements, the impairment losses have been determined in accordance with the expected credit loss models set out in IFRS 9 (Financial Instruments).</p> <p>The Calculation of expected credit loss is based on the valuation models used by the Company. The calculation of expected credit loss involves assumptions, estimates and management judgement for example in respect to the probability and amount of the expected credit loss as well as determining significant increases in credit risk.</p> <p>Due to the significance of the carrying amount involved, complexity of the accounting methods and management judgement involved, receivables from customers are addressed as a key audit matter.</p>	<p><b>Our audit procedures in this area included among others:</b></p> <ul style="list-style-type: none"> <li>• We gained understanding of the Company's key credit processes comprising booking, monitoring and provisioning on receivables.</li> <li>• We reviewed the Company's IFRS 9 based impairment provisioning policy and compared with the requirements of IFRS 9 to check for consistency.</li> <li>• We evaluated the design and tested the implementation of the controls around the calculating and recording of the impairment balance.</li> <li>• We checked the appropriateness of the impairment balance for the year and assessed the accuracy of the disclosures in the financial statements.</li> </ul>

**Other Information**

The Directors are responsible for the other information. The other information comprises the Director's Report, which we obtained prior to the date of this auditor's report. The other information 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 the Directors and those charged with Governance for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2019 (Act 992), and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 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 misstatements, 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.

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

- Identify and assess the risks of material misstatements 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 controls 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 controls.
- 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.
- Communicate 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 controls that we identify during our audit.

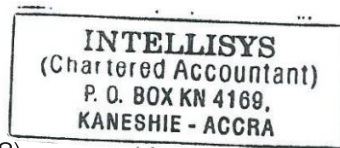
## Report on Other Legal and Regulatory Requirements

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is MyraStella Ansah (ICAG/P/1438).

*Intellisys*



Intellisys (ICAG/F/2021/078)  
Chartered Accountants  
No. 2 Lardzeh Crescent  
North Dzorwulu, Accra  
Near Fiesta Royale

Dated: 25<sup>th</sup> May, 2021

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

Figures in GHS	Notes	2020	2019
Revenue		<b>20,668,656</b>	23,085,380
Cost of operations	5	<b>(10,485,928)</b>	(11,399,528)
<b>Gross profit</b>		<b>10,182,728</b>	11,685,852
Other income	6	<b>32,812</b>	21,268
Operating and other expenses	7	<b>(7,810,452)</b>	(8,652,016)
<b>Profit before depreciation, interest and tax(PBDIT)</b>		<b>2,405,088</b>	3,055,104
Depreciation and amortization	8	<b>(712,211)</b>	(494,990)
<b>Profit before interest and tax(PBIT)</b>		<b>1,692,877</b>	2,560,114
Finance costs	9	<b>(329,899)</b>	(259,619)
<b>Profit before tax</b>		<b>1,362,978</b>	2,300,495
Income tax credit/ (expense)	10	<b>87,907</b>	(429,887)
<b>Profit for the year</b>		<b>1,450,885</b>	1,870,608
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>1,450,885</b>	1,870,608

# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

Figures in GHS	Notes	2020	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	13,789,909	10,571,949
Intangible assets	12	63,806	70,676
		<b>13,853,715</b>	<b>10,642,625</b>
<b>Current assets</b>			
Inventories	13	6,062,756	4,680,220
Trade and other receivables	14	16,389,397	14,465,957
Current tax assets	21	64,635	-
Cash and cash equivalents	15	960,949	681,396
		<b>23,477,737</b>	<b>19,827,573</b>
<b>Total assets</b>		<b>37,331,452</b>	<b>30,470,198</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	16	11,626,451	10,074,468
Deposit for shares		-	1,551,983
Capital Surplus		2,103,120	2,103,120
Retained Earnings		4,210,486	3,966,998
		<b>17,940,057</b>	<b>17,696,569</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	424,590	813,636
Lease obligation	18	34,264	34,266
Medium term borrowings	19	8,060,063	4,068,435
		<b>8,518,917</b>	<b>4,916,337</b>
<b>Current liabilities</b>			
Trade and other payables	20	7,002,876	5,847,391
Current tax liabilities	21	-	102,412
Medium term borrowings	19	3,869,602	1,907,489
		<b>10,872,478</b>	<b>7,857,292</b>
<b>Total liabilities</b>		<b>19,391,395</b>	<b>12,773,629</b>
<b>Total equity and liabilities</b>		<b>37,331,452</b>	<b>30,470,198</b>

Director



Date 14<sup>TH</sup> MAY ,2021

Director



Date 14<sup>TH</sup> MAY ,2021

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Figures in GHS	Stated capital	Capital Surplus	Deposit for shares	Retained Earnings	Total
<b>Balance at 1 January 2020</b>	<b>10,074,468</b>	<b>2,103,120</b>	<b>1,551,983</b>	<b>3,966,998</b>	<b>17,696,569</b>
Converted to equity	1,551,983	-	(1,551,983)	-	-
Dividends	-	-	-	(1,207,397)	(1,207,397)
Profit for the year	-	-	-	1,450,885	1,450,885
<b>Balance at 31 December 2020</b>	<b>11,626,451</b>	<b>2,103,120</b>	<b>-</b>	<b>4,210,486</b>	<b>17,940,057</b>
<b>Balance at 1 January 2019</b>	<b>7,213,384</b>	<b>2,468,400</b>	<b>1,701,000</b>	<b>3,090,264</b>	<b>14,473,048</b>
Converted to equity	1,700,000	-	(1,700,000)	-	-
Deposit for share	-	-	1,551,983	-	1,551,983
Dividends	-	-	-	(993,874)	(993,874)
Share issue refunds	-	-	(1,000)	-	(1,000)
Adjustment - Leasehold land	-	(365,280)	-	-	(365,280)
Transactional costs in conversion of deposit for shares	(189,396)	-	-	-	(189,396)
Share issues	1,350,480	-	-	-	1,350,480
Profit for the year	-	-	-	1,870,608	1,870,608
<b>Balance at 31 December 2019</b>	<b>10,074,468</b>	<b>2,103,120</b>	<b>1,551,983</b>	<b>3,966,998</b>	<b>17,696,569</b>

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

Figures in GHS	Notes	2020	2019
<b>Cash flows (used in)/from operations</b>			
<b>Profit before tax</b>		<b>1,362,978</b>	<b>2,300,495</b>
<b>Adjustments to reconcile profit</b>			
Adjustments for depreciation and amortisation expense	11	712,211	494,990
Profit from disposal of Non-current asset		-	(3,000)
Adjustments for increase in inventories	13	(1,382,536)	(218,058)
Adjustments for increase in trade and other receivables	14	(1,923,440)	(2,029,279)
Adjustments for increase in trade and other payables	20	1,155,483	1,113,508
Adjustments for Employees benefit obligation		-	(534,719)
<b>Total adjustments to reconcile profit</b>		<b>(1,438,282)</b>	<b>(1,176,558)</b>
<b>Net cash flows (used in)/from operations</b>		<b>(75,304)</b>	<b>1,123,937</b>
Income taxes paid	21	(468,184)	(624,668)
<b>Net cash flows(usedin)/from operating activities</b>		<b>(543,488)</b>	<b>499,269</b>
<b>Cash flows used in investing activities</b>			
Proceeds from sale of property, plant and equipment		-	3,000
Purchase of property, plant and equipment	11	(3,916,301)	(5,341,345)
Purchase of intangible assets	12	(7,000)	-
<b>Cash flows used in investing activities</b>		<b>(3,923,301)</b>	<b>(5,338,345)</b>
<b>Cash flows from financing activities</b>			
Proceeds from other financial liabilities	19	5,953,741	4,900,811
Cash deposit for share/(refunds)		-	(1,000)
Payment of share issue costs		-	(225,077)
Dividend paid		(1,207,397)	(993,874)
<b>Cash flows from financing activities</b>		<b>4,746,344</b>	<b>3,680,860</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>279,555</b>	<b>(1,158,216)</b>
Cash and cash equivalents at beginning of the year		681,394	1,839,610
<b>Cash and cash equivalents at end of the year</b>	<b>15</b>	<b>960,949</b>	<b>681,394</b>



# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2020

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## 1. General Information

Intravenous Infusions PLC is a limited liability company incorporated in Ghana. The address of its registered office and principal place of business is Plot 4/7, Blk L Effiduase, P.O.Box KF 63, Koforidua.

The principal activity of the Company is the manufacturing and marketing of intravenous infusions and small volume injectables for therapeutic purposes.

## 2. Statement of compliance

The annual financial statements of the Company have been prepared in accordance with the Companies Act, 2019 (Act 992) and all applicable International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants, Ghana.

### Basis of preparation

The annual financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS). The annual financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency). The Company's functional currency is the Ghana Cedis (GHS). Financial information presented in Ghana Cedis are rounded to the nearest whole number.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the annual financial statements are disclosed in note 4.

The estimates and underlying assumptions are reviewed on an ongoing concern basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 3. Summary of significant accounting policies

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

### 3.1 Fair value measurement

Fair value of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that, the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

**Summary of significant accounting policies continued...**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**3.2 Revenue recognition**

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Turnover represents net invoice value after the deduction of discounts and allowances given and accruals for estimated future rebates and returns. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information. Value added tax and other sales taxes are excluded from revenue.

All sales made during the year was on the local market (i.e. There were no exports during the year).

**3.3 Inventory**

Inventories are stated at the lower of cost and net realisable value. 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) but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less the cost of completion and selling expenses.

**3.4 Expenditure**

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably measured.

**3.5 Property, Plant and Equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

**Summary of significant accounting policies continued...**

Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the asset revaluation reserve / capital surplus in equity. However, to the extent that it reverses a revaluation deficit on the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other income’ in the statement of profit or loss and other comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to income surplus.

Depreciation is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and available for use. Land is not depreciated as it is deemed to have an indefinite life. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

The major categories of property, plant and equipment are depreciated at the following rates:

Leasehold land and building	3%
Plant, machinery and equipment	10% - 33.33%
Furniture and fittings	20%
Motor vehicles	20% - 25%

### 3.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Summary of significant accounting policies continued...**

## Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**3.6.1 Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

**Summary of significant accounting policies continued...**

**3.6.2 Debt instruments classified as at FVTOCI**

Corporate debts are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amounts of these corporate debts as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost.

All other changes in the carrying amounts of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate debts are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

**3.6.3 Equity instruments designated at FVTOCI**

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

**3.6.4 Financial assets at FVTPL**

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Debt instruments that do not meet the amortised cost criteria of the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.



### **Summary of significant accounting policies continued...**

#### **3.6.5 Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that is possible within 12 months after the reporting date.

#### **3.6.6 Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations,

as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtors' ability to meet its debt obligations.

### **Summary of significant accounting policies continued...**

#### **3.6.7 Definition of default**

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company). Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### **3.6.8 Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of a transferred asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

#### **3.6.9 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

**Summary of significant accounting policies continued...**

Impairment losses of continuing operations, including impairment on inventories are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indications exist, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**3.7 Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding Company overdrafts.

**3.8 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

**3.9 Income taxation**

Current taxation liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the statement of financial position date. Current taxation is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period.

Income taxation for the year includes current taxation and deferred taxation. Current taxation and deferred taxation are recognised in profit or loss, except to the extent that the taxation arises from a transaction or event which is recognised directly in equity. In the case of the taxation relating to items that are recognised directly to equity, current taxation and deferred taxation are also recognised directly to equity.

**Deferred tax**

Deferred taxation assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation assets also arise from unused taxation losses and unused taxation credits.

A deferred taxation liability is recognised for all taxable temporary differences, except to the extent that the deferred taxation liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).



**Summary of significant accounting policies continued...**

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred taxation asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates and taxation laws that have been enacted or substantively enacted by the statement of financial position date. Deferred taxation assets and liabilities are not discounted.

**3.10 Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

**Initial application of new amendments to the existing standards effective for current financial period**

The following new amendments to the existing standards issued by the International Accounting Standards Board (IASB) are effective for the current financial period:

**Amendments to IAS 19 "Employee Benefits"**

Defined Benefit Plans: Employee contributions (effective for annual periods beginning on or after 1 July 2014), issued by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service as a negative cost.

**Summary of significant accounting policies continued...**

**Amendments to various standards "Improvements to IFRSs (cycle 2010-2012) issued by IASB on 12 December 2013**

Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) proportionate restatement of accumulated depreciation/amortisation application in revaluation method and (v) clarification on key management personnel. The amendments are to be applied for annual periods beginning on or after 1 July 2014.

**Amendments to various standards "Improvements to IFRSs (cycle 2011-2013) issued by IASB on 12 December 2013**

Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) scope of exception for joint venture; (ii) scope of paragraph 52 of IFRS 13 (portfolio exception) and (iii) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property and investment property or owner-occupied property. The amendments are to be applied for annual periods beginning on or after 1 July 2014.

The adoption of these amendments to the existing standards has not led to any material changes in the Company's financial statements.

**Impact of initial application of IFRS 9 Financial Instruments**

In the current year, the Company applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allows an entity not to restate comparatives, but to recognise the transitional adjustment in the statement of changes in equity.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

**(a) Classification and measurement of financial assets**

The date of initial recognition (i.e. the date on which the Company has assessed its existing financial assets and liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

### Summary of significant accounting policies continued...

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

The Directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

### (b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

**Summary of significant accounting policies continued...**

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

- 1) Debt investments measured subsequently at amortised cost or at FVTOCI;
- 2) Lease receivables;
- 3) Trade receivables and contract assets; and
- 4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The reconciliation between the ending provision for impairment in accordance with IAS 39 and the provision in accordance with IAS 37 to the opening loss allowance determined in accordance with IFRS 9 for the above financial instruments on 1 January 2018 is disclosed in their respective notes.

**(c) Classification and measurement of financial liabilities**

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as FVTPL attributable to changes in the credit risk of the issuer.

Accordingly, this aspect of the application of IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

**(d) General hedge accounting**

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Company has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Company's qualifying hedging relationships in place as at 1 January 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships.

No rebalancing of any of the hedging relationships was necessary on 1 January 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Company has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.



### **Summary of significant accounting policies continued...**

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorised as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income.

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

### **(e) Impact of initial application of IFRS 9 on financial performance**

The application of IFRS 9 has had no impact on the consolidated cash flows of the Company.

### **Impact of application of IFRS 15 Revenue from Contracts with Customers**

In the current year, the Company has applied IFRS 15 Revenue from Contract with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

Details of the new requirements as well as their impact on the Company's consolidated financial statements are described below.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however, the standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used by IFRS 15 to describe such balances.

The Company's accounting policies for its revenue streams are disclosed in detail in note 3.2 above. Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company. There were no transitional adjustments passed as the Company's recognition criteria was in line with IFRS 15.

In the current year, the Company has applied a number of amendments to IFRS standards and interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

### **Impact of initial application of IFRS 16 Leases**

In the year 2019, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

**Summary of significant accounting policies continued...**

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 without using the full retrospective approach, since the Company lease period commences 2019 which coincides with the same year of adoption of IFRS 16.

**(a) Impact of the new definition of a lease**

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 14.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition of IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

**(b) Impact on Lessee Accounting*****(i) Former operating leases***

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- (a) Recognizes right-of-use assets and liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- (b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17, they resulted in the recognition of a lease incentive, amortized as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

**Summary of significant accounting policies continued...****(ii) Former finance leases**

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognizes as part of its lease liability, only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

**(c) Impact of Lessor Accounting**

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required; in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

**(d) Financial impact of the initial application of IFRS 16**

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior years:

Impact on profit or loss	31/12/2020 GHS	31/12/2019 GHS
<u>Impact on profit/(loss) for the year</u>	-	
Decrease in operating sub-lease income	-	
Increase in finance income	-	
Increase in depreciation of right-of-use asset	-	1,132
Increase in finance costs	-	2,284
Decrease in other expenses	-	-
Increase/(Decrease) in profit for the year	-	3,416

Impact on assets, liabilities and equity as at 31-Dec-19	As previously reported GHS	IFRS 16 adjustments GHS	As restated GHS
Property, plant and equipment	10,419,083	-	10,419,083
Right-of-use assets	-	152,866	152,866
Finance lease receivables	-	-	-
Net impact on total assets	10,419,083	152,866	10,571,949

**Summary of significant accounting policies continued...**

	As previously reported	IFRS 16 adjustments	As restated
Obligations under finance leases			
Lease liabilities	-	34,264	34,264
Provisions	-	-	-
Trade and other payables	-	-	-
Net impact on total liabilities	-	34,264	34,264
Retained earnings	3,963,582	3,416	3,966,998

The Company as a lessee:

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets of GHS 152,866 and lease liabilities of GHS 34,264. It also resulted in annual depreciation of GHS 3,397 and interest expense of GHS 6,853.

The application of IFRS 16 has an impact on the statement of cash flows of the Company.

Under IFRS 16, lessees must present:

- (i) Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities.
- (ii) Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Company has opted to include interest paid as part of financing activities); and
- (iii) Cash payments for the principal portion for a lease liability, as part of financing activities.

The adoption of IFRS 16 did not have an impact on net cash flows.

#### **4. Critical accounting judgements and key sources of estimation uncertainty**

The Company's management makes assumptions, estimates and judgements in the process of applying the Company's accounting policies that affect the assets, liabilities, income and expenses in the annual financial statements prepared in accordance with IFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While management reviews its judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **4.1 Useful lives of property, plant and equipment**

The Company determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The Directors will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non strategic assets that have been abandoned or sold. The rates are set out in note.

As described above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the Board determined that the useful lives of certain items of equipment should be extended due to the current assets still being in use.



***Critical accounting judgements and key sources of estimation uncertainty continued...*****4.2 Income taxation**

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws and the amount of timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

# NOTES TO THE FINANCIAL STATEMENTS

Figures in GHS	2020	2019
<b>5. Cost of operations</b>		
Stock of raw materials at 1 January	2,720,731	2,385,358
Non-trade stock at 1 January	670,655	675,643
Purchases of raw materials & non-trade stock	8,219,123	7,950,075
Stock of raw materials at 31 December	(3,809,999)	(2,720,731)
Non-trade stock at 31 December	(835,813)	(670,655)
Direct labour	1,754,948	1,661,461
Factory overheads	1,894,393	2,006,050
Stock of finished goods 1 January	1,288,834	1,401,161
Stock of finished goods at 31 December	(1,416,944)	(1,288,834)
	<b>10,485,928</b>	<b>11,399,528</b>
<b>6. Other income</b>		
Profit from disposal of motor vehicle	-	3,000
Others	32,812	18,268
	<b>32,812</b>	<b>21,268</b>
<b>7. Operating and other expenses</b>		
Audit fees	60,000	70,000
Directors' emoluments	795,095	469,993
Donations and subscriptions	36,789	25,308
Other operating expenses	5,814,515	6,641,045
Provision for doubtful debts	18,122	(31,532)
Provision for judgement debt	12,366	-
Salaries & wages - Key Management Personnel	1,073,565	1,477,202
	<b>7,810,452</b>	<b>8,652,016</b>
<b>8. Depreciation and amortization</b>		
Depreciation and amortization on property, plant and equipment for the year amounted to GHS 712,211 (2019: GHS 494,990). Refer to note 11 & 12 for details.		
<b>9. Finance costs</b>		
Loan interest	323,046	257,335
Lease obligations	6,853	2,284
	<b>329,899</b>	<b>259,619</b>
<b>10. Income tax (credit) / expense</b>		
Current tax (Note 21)	301,139	373,676
Deferred tax (Note 17)	(389,046)	56,211
	<b>(87,907)</b>	<b>429,887</b>

## 11. Property, plant and equipment

### Balances at year end and movements for the year

	Leasehold land & building	Plant, machinery & equipment	Motor vehicles	Furniture and fittings	Work in progress	Spare parts	Total
<b>Reconciliation for the year ended 31 December 2020</b>							
<b>Balance at 1 January 2020</b>							
At cost	1,911,433	3,184,661	702,681	792,129	6,881,336	168,225	<b>13,640,465</b>
Accumulated depreciation	(457,586)	(1,616,750)	(400,949)	(492,294)	-	(100,937)	<b>(3,068,516)</b>
<b>Net book value</b>	<b>1,453,847</b>	<b>1,567,911</b>	<b>301,732</b>	<b>299,835</b>	<b>6,881,336</b>	<b>67,288</b>	<b>10,571,949</b>
<b>Movements for the year ended 31 December 2020</b>							
Additions	8,058	9,214	47,024	133,533	3,718,472	-	<b>3,916,301</b>
Depreciation	(88,317)	(365,825)	(93,090)	(134,286)	-	(16,823)	<b>(698,341)</b>
Transfers	737,628	501,393	-	-	(1,239,021)	-	-
<b>Property, plant and equipment at the end of the year</b>	<b>2,111,216</b>	<b>1,712,693</b>	<b>255,666</b>	<b>299,082</b>	<b>9,360,787</b>	<b>50,465</b>	<b>13,789,909</b>
<b>Closing balance at 31 December 2020</b>							
At cost	2,661,500	3,695,268	749,943	925,662	9,360,787	168,225	<b>17,561,385</b>
Accumulated depreciation	(550,284)	(1,982,575)	(494,277)	(626,580)	-	(117,760)	<b>(3,771,476)</b>
<b>Net book value</b>	<b>2,111,216</b>	<b>1,712,693</b>	<b>255,666</b>	<b>299,082</b>	<b>9,360,787</b>	<b>50,465</b>	<b>13,789,909</b>

*Property, plant and equipment continued...*

<b>Reconciliation for the year ended 31 December 2019</b>	<b>Leasehold land &amp; building</b>	<b>Plant, machinery &amp; equipment</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Work in progress</b>	<b>Spare parts</b>	<b>Total</b>
<b>Balance at 1 January 2019</b>							
At cost	3,694,382	5,187,928	657,652	735,250	-	168,225	<b>10,443,437</b>
Accumulated depreciation	(396,220)	(1,421,323)	(353,729)	(380,263)	-	(84,114)	<b>(2,635,649)</b>
<b>Net book value</b>	<b>3,298,162</b>	<b>3,766,605</b>	<b>303,923</b>	<b>354,987</b>	<b>-</b>	<b>84,111</b>	<b>7,807,788</b>
<b>Movements for the year ended 31 December 2019</b>							
Additions	154,915	25,045	53,138	75,760	3,381,950	-	<b>3,690,808</b>
Reclassification to WIP	(1,568,204)	(1,931,182)	-	-	3,499,386	-	<b>-</b>
Depreciation	(65,746)	(231,192)	(55,329)	(112,030)	-	(16,823)	<b>(481,120)</b>
Disposals	(10,220)	-	-	-	-	-	<b>(10,220)</b>
Transfers	(355,060)	(61,365)	-	(18,882)	-	-	<b>(435,307)</b>
<b>Property, plant and equipment at the end of the year</b>	<b>1,453,847</b>	<b>1,567,911</b>	<b>301,732</b>	<b>299,835</b>	<b>6,881,336</b>	<b>67,288</b>	<b>10,571,949</b>
Closing balance at 31 December 2019							
At cost	1,911,433	3,184,661	702,681	792,129	6,881,336	168,225	<b>13,640,465</b>
Accumulated depreciation	(457,586)	(1,616,750)	(400,949)	(492,294)	-	(100,937)	<b>(3,068,516)</b>
<b>Net book value</b>	<b>1,453,847</b>	<b>1,567,911</b>	<b>301,732</b>	<b>299,835</b>	<b>6,881,336</b>	<b>67,288</b>	<b>10,571,949</b>

## Figures in GHS

2020

2019

**12. Intangible assets****Reconciliation of changes in intangible assets**

	Tally software	Tally software upgrade	HR/Payroll module	Product Development	Total
<b>Reconciliation for the year ended 31 December 2020</b>					
<b>Balance at 1 January 2020</b>					
At cost	7,685	81,708	26,620	4,298	120,311
Accumulated amortisation	(7,685)	(27,510)	(14,440)	-	(49,635)
<b>Net book value</b>	<b>-</b>	<b>54,198</b>	<b>12,180</b>	<b>4,298</b>	<b>70,676</b>
<b>Movements for the year ended 31 December 2020</b>					
Acquisitions through internal development	-	-	-	7,000	7,000
Amortisation	-	(4,997)	(8,873)	-	(13,870)
<b>Intangible assets at the end of the year</b>	<b>-</b>	<b>49,201</b>	<b>3,307</b>	<b>11,298</b>	<b>63,806</b>
<b>Closing balance at 31 December 2020</b>					
At cost	7,685	81,708	26,620	11,298	127,311
Accumulated amortisation	(7,685)	(32,507)	(23,313)	-	(63,505)
<b>Net book value</b>	<b>-</b>	<b>49,201</b>	<b>3,307</b>	<b>11,298</b>	<b>63,806</b>
<b>Reconciliation for the year ended 31 December 2019</b>					
<b>Balance at 1 January 2019</b>					
At cost	7,685	81,708	26,620	4,298	120,311
Accumulated amortisation	(7,685)	(22,513)	(5,567)	-	(35,765)
<b>Net book value</b>	<b>-</b>	<b>59,195</b>	<b>21,053</b>	<b>4,298</b>	<b>84,546</b>
<b>Movements for the year ended 31 December 2019</b>					
Amortisation	-	(4,997)	(8,873)	-	(13,870)
<b>Intangible assets at the end of the year</b>	<b>-</b>	<b>54,198</b>	<b>12,180</b>	<b>4,298</b>	<b>70,676</b>
<b>Closing balance at 31 December 2019</b>					
At cost	7,685	81,708	26,620	4,298	120,311
Accumulated amortisation	(7,685)	(27,510)	(14,440)	-	(49,635)
<b>Net book value</b>	<b>-</b>	<b>54,198</b>	<b>12,180</b>	<b>4,298</b>	<b>70,676</b>

Figures in GHS	2020	2019
<b>13. Inventories</b>		
Raw materials	3,809,999	2,720,731
Non-trade stock	835,813	670,655
Finished goods	1,416,944	1,288,834
	<b>6,062,756</b>	4,680,220
<b>14. Trade and other receivables</b>		
Trade receivables	14,307,758	13,754,222
Other receivables	2,144,190	734,473
Allowance for bad debt	(141,900)	(123,778)
	<b>16,310,048</b>	14,364,917
Prepayments	79,349	101,040
	<b>16,389,397</b>	14,465,957
<b>Allowance for bad debt</b>		
Loss allowance per IFRS 9 at 1 January	123,778	155,310
IFRS 9 loss allowance for the year	18,122	(31,532)
Loss allowance per IFRS 9 at 31 December	<b>141,900</b>	123,778

Allowances for doubtful debts are recognised against trade receivables based on the amount of expected credit losses using the simplified approach under the IFRS 9 impairment of financial assets. The simplified approach calculates impairment losses as a lifetime expected credit losses. The provision matrix is adopted for the computations.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still recoverable.

< 30 days	2,633,646	1,509,449
30 to 60 days	4,693,754	1,393,248
60 to 90 days	1,311,510	2,041,842
90 to 180 days	3,878,800	4,401,527
180 to 360 days	1,790,048	2,892,756
> 360 days	-	1,515,400
	<b>14,307,758</b>	13,754,222

<b>15. Cash and cash equivalents</b>		
Cash on hand	9,399	5,799
Balances with banks	951,550	675,597
	<b>960,949</b>	681,396

**Figures in GHS****2020**

2019

**16. Stated capital**

	<b>No. of shares</b>	<b>Amount (GHS)</b>	No. of shares	Amount (GHS)
Issued for cash and fully paid	<b>217,420,877</b>	<b>7,683,905</b>	217,420,877	7,683,905
Preference shares converted to equity	<b>20,324,119</b>	<b>540,000</b>	20,324,119	540,000
Transfer from surplus	-	<b>20,000</b>	-	20,000
Conversion of Debt to Equity	<b>36,663,350</b>	<b>3,372,563</b>	21,076,250	1,820,580
Loan converted into equity	-	<b>9,983</b>	-	9,983
	<b>274,408,346</b>	<b>11,626,451</b>	258,821,246	10,074,468

**17. Deferred tax liabilities**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 18.75%. The movement on the deferred income tax account is as follows:

At start of the year	<b>813,636</b>	757,425
Income statement charge	<b>(389,046)</b>	56,211
At end of year	<b>424,590</b>	813,636

**18. Lease obligation**

At 1 January	<b>34,266</b>	-
Addition	-	34,266
Lease interest for the year	<b>6,853</b>	-
Payment	<b>(6,855)</b>	-
	<b>34,264</b>	34,266

This represents the present value of discounted cashflow from a right of use asset (leased land) at year end.

**19. Medium term borrowings**

Ecobank bank term loan falling due after one year	<b>8,060,063</b>	4,068,435
	<b>8,060,063</b>	4,068,435

**Medium term borrowings (current)**

Ecobank Medium term loan falling due within one year	-	369,858
Ecobank Revolving short term loan	<b>3,869,602</b>	1,537,631
	<b>3,869,602</b>	1,907,489

The Company obtained loan facilities from Ecobank Ghana Ltd under the sponsorship of the Government of Ghana Stimulus Package. The loan facilities are primarily to finance the purchase of equipment and for working capital financing. The facilities which have five year duration with one year moratorium are secured at the rate of 20% per annum with Government of Ghana underwriting 50% of the interest cost.



Figures in GHS	2020	2019
<b>20. Trade and other payables</b>		
Trade payables	<b>3,421,304</b>	3,101,414
Directors' current account	<b>63,849</b>	34,349
Other payables (including taxes payable)	<b>3,222,497</b>	2,353,657
Short-term lease obligation	<b>9,139</b>	2,284
Accrued charges	<b>286,087</b>	355,687
	<b>7,002,876</b>	5,847,391

**21. Current tax assets and liabilities**

	Balance at January GHS	Paid during the year GHS	Profit or loss account GHS	Balance at December GHS
Up to 2017	(192,062)	-	-	<b>(192,062)</b>
2018	218,926	-	-	<b>218,926</b>
2019	75,548	-	-	<b>75,548</b>
2020	-	(468,186)	301,139	<b>(167,047)</b>
	<b>102,412</b>	<b>(468,186)</b>	<b>301,139</b>	<b>(64,635)</b>

**22. Related party transactions**

During the year, the Company gave out loans to some members of staff.

The total amount of outstanding balances due from related parties at the year end are as follows:

Staff	<b>35,883</b>	48,574
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The total remuneration of Directors and other key management staff including allowances during the year are as follows:

Directors	<b>795,095</b>	469,993
Key management personnel	<b>1,073,565</b>	1,477,202
	<b>1,868,660</b>	1,947,195

**23. Contingencies and commitments**

The Company operates in the Pharmaceutical industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

There are no contingencies associated with the Company's compliance or lack of compliance with regulations.

The Company had commitments towards the construction of a new factory and purchase of new equipments to boost productivity. This is being funded through a medium-term loan from Ecobank Ghana.

The balance on the medium-term loan at 31st December 2020 was GHS 8,060,063 (2019: GHS 4,068,435).

**24. Events after the reporting date**

No events occurred during the year 31 December 2020 and the date the Directors approved the financial statements that would have a material impact on the results as disclosed in the financial statements as set out on pages 10 to 38 or the continued existence of the Company as a going concern.

**Figures in GHS****2020****2019****25. Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**26. Approval of annual financial statements**

These financial statements were approved by the Board of Directors and authorised for issue on

\_\_\_\_\_, 2021

# KEY DATE 2021

## Anticipated reporting date

**Annual General Meeting**

June, 25 2021

# CONTACTS INFORMATION

### General information

T: 03420 20151

T: 03240 20141

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Intravenous Infusions PLC.

T: 05016 17167

### Investor relation

T: 024 454 1626

DataBank Brokerage

E: [armah.akotey@databankgroup.com](mailto:armah.akotey@databankgroup.com)

### Share registry

T: 024 425 8741

GCB Shared Registry

E: [mwereko@gcb.com.gh](mailto:mwereko@gcb.com.gh)

### Further details

[www.iil.com.gh](http://www.iil.com.gh)

## IRRIGATION FLUIDS



## SMALL VOLUME PARENTERAL



## LARGE VOLUME PARENTERAL



## HAND SANITIZERS



# DEPOT ADDRESSES

## Accra Depot

GL - 005-7306

Accra Labone - Accra

Opposite the La Veterinary Hospital

**T:** 050 161 7170

## Takoradi Depot

WS - 193-0645

AX -103 - Takoradi

May's Place, West Fijai

**T:** 050 164 4931

## Kumasi Depot

AK - 138-6402

Asukwa - Kumasi

Lawyer Totoe Street

Near Noks Hotel

**T:** 050 168 9980

## Tamale Depot

NT - 0024-0737

Tamale Teaching Hospital Road

Opposite Ola Cathedral Church

Changli - Tamale

**T:** 050 164 4928

## Koforidua Depot

EN - 055-0741

Block 'L', Plot 7

E duase - Koforidua

**T:** 050 161 7167/172



# INVITATION AND FORM OF PROXY FOR USE AT ANNUAL GENERAL MEETING

To be held at 11.00am on **Friday, June 25, 2021** and streamed live from the **UDS Guest House, Accra**

Dear Member(s)

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 IIL shall be strictly virtual (i.e. by online participation).

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

A copy of the Form of Proxy can be downloaded from: <https://iiplcgm.com> and may be completed and sent via email to: [shareregistry@gcb.com.gh](mailto:shareregistry@gcb.com.gh) or deposited at the registered office of the Registrar of the Company, Share Registry, GCB Bank Limited, High Street, Accra or posted to the Registrar at PO Box 134, Accra to arrive not later than 10.00 GMT on **Friday, June 18, 2021**.

PROXY FORM			
RESOLUTION	FOR	AGAINST	NOTES
1. To receive the report of the Directors, the audited Financial Statements for the year ended 31st December, 2020 and the report of the Auditors thereon			1. Provision has been made for the Chairman of the Meeting to act as your proxy, but you may wish to name any person to attend the meeting and vote on your behalf. 2. In case of joint holders, each holder should sign 3. If executed by a Company/ Corporation, the form should bear the Common Seal or be signed on its behalf by a Director. 4. For a postal proxy, please sign and post it so as to reach the GCB Share Registry not later than 10a.m. on Friday, June 18, 2021.
2. To declare a dividend			
3. To re-elect directors			
4. To ratify the appointment of Mr. Moukhtar M. Soalihy as a Director			
5. To approve the remuneration of the Directors			
6. To authorizes the directors to fix the fees of auditors			

I/We ..... being a member(s) of Intravenous Infusions PLC

Hereby appoint ..... or failing whom, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our( behalf at the Virtual Annual Meeting of the Company to be held at 11am on July 25, 2021 and at any adjournment therefore.

Signed this ..... Day of .....2021

.....  
Shareholder(s) Signature

**See overleaf :- Accessing and Voting at the Virtual AGM**



## ACCESSING AND VOTING AT THE VIRTUAL AGM

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- A unique token number will be sent to you by email, SMS or by post from June 18, 2021 to give you access to the meeting. Shareholders who do not receive this token can contact the Share Registry at: [shareregistry@gcb.com.gh](mailto:shareregistry@gcb.com.gh) or call 0302 668712 any time after June 18, 2021 but before the date of the AGM to be sent the unique token.
- To gain access to the Virtual AGM, shareholders must visit <https://iiplcagm.com> and input their unique token number on Friday, June 25, 2021. For shareholders who do not submit proxy forms to the Registrar of the Company prior to the meeting, they may vote electronically during the Virtual AGM again using their unique token number. Further assistance on accessing the meeting and voting electronically can be found on <https://iiplcagm.com>





**INTRAVENOUS INFUSIONS PLC**

MANUFACTURERS OF PHARMACEUTICAL PRODUCTS

*"Saving lives since 1969"*

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