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PRESS RELEASE

PR. No. 206/2021

FAN MILK PLC (FML) –
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020.

FML has released its Annual Reports and Financial Statements for the year ended December 31, 2020 as per the attached.

Issued in Accra, this 21st
Day of May, 2021.

- **E N D –**

att'd.

Distribution:
1. All LDMs
2. General Public
3. Company Secretary, FML
4. NTHC Registrars, (Registrars for FML shares)
5. Custodians
6. Central Securities Depository
7. Securities and Exchange Commission
8. GSE Council Members
9. GSE Notice Board

For enquiries, contact:
Head Listing, GSE on 0302 669908, 669914, 669935
*WA

ANNUAL REPORT &

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

FAN MILK PLC

www.fanmilklimited.com

OUR MISSION STATEMENT

"Enhance the wellbeing for as many people as possible by offering nourishing, refreshing and enjoyable products and an inclusive business model"

OUR AMBITION

"Strengthen our leadership by offering nourishing, refreshing and enjoyable products, to delight the widest number of people, providing opportunities to grow, for our employees, partners and shareholders."

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LOVE
AT FIRST
BITE
FanYogo
FAN
FanMilk

Corporate Information

DIRECTORS

Charles Mensa (Dr.)	Chairman
Ziobeieton Yeo	Managing Director
George H. Okai Thompson	Non-executive Director
Peace Ayisi-Okyere	Non-executive Director
Frédéric Leblan	Non-executive Director
Tiago Carneiro Dos Santos	Non-executive Director (Resigned on February 27, 2020)
David Percy Duker	Executive Director (Resigned on July 31, 2020)
Secretary	Lennap & Co. P.O. Box 37 Accra
Independent Auditor	PricewaterhouseCoopers Chartered Accountants PwC Tower A4 Rangoon Lane, Cantonments City, PMB CT 42 Cantonments Accra
Registered Office	Grand Oyeeman Building Plot No. 9, South Liberation Link Airport Commercial Area Accra
Solicitor	Quist, Brown, Wontumi & Associates P.O. Box 7566 Accra
Registrar & Transfer Office	NTHC Limited Martco House P.O. Box 9563 Airport Accra

Notice of Annual GENERAL MEETING

Notice is hereby given that the Sixtieth Annual General Meeting of FAN MILK PLC will be held virtually and streamed live on https://www.fmlagm.com from the Accra City Hotel, Barnes Road, Accra on Wednesday, May 26, 2021 at 11.00 GMT to transact the following business:

Agenda:

1. To receive the Report of the Directors, the Financial Statements for the year ended December 31, 2020 and the Report of the Independent Auditors thereon.
2. To elect as a Director, Mr. Fen Wei Chin
3. To re-elect as a Director, Mr. George Thompson
4. To re-elect as a Director, Mrs. Peace Ayisi-Okyere
5. To fix the remuneration of the Directors
6. To appoint Mazars Ghana as External Auditor
7. To authorize the Directors to fix the remuneration of the Auditors

Dated this 7th day of April, 2021
By Order of the Board

Lennap & Company
Secretary

Notes:

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

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

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

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

v. The 2020 Audited Financial Statements can be viewed by visiting https://www.fmlagm.com.

NEW
FAN
FanMilk
FanMaxx
Creamy drinkable
Fuel your day!
Pasteurized skimmed yoghurt
330 ml

Report of the Directors

The directors submit their report together with the audited financial statements of Fan Milk Plc for the year ended December 31, 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 2019 (Act 992).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

PRINCIPAL ACTIVITY

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

HOLDING COMPANY

Fan Milk International A/S, incorporated in Denmark is the majority shareholder of Fan Milk Plc with 62.10% shareholding. Fan Milk International A/S is a wholly-owned subsidiary of Danone S.A since July 30, 2019 when Danone S.A. directly increased its stake in Fan Milk International A/S from 51% to 100%.

DONATIONS AND CHARITY

During the fiscal year, a total of GH¢202,000 was invested in support of the COVID-19 relief efforts. This covers interventions relating to the supply of Personal Protective Equipment (PPEs) and company products to front line workers. Details of the Company's corporate social responsibilty activities is disclosed in the Corporate Social Responsibility Section of this annual report.

Dividends

The directors do not recommend payment of a dividend for the year ended December 31, 2020.

Report of the Directors (continued)

Financial results

The financial results of the Company for the year ended December 31, 2020 are set out below:

	GH¢'000
Profit before tax for the year is	799
from which is deducted income tax expense of	(285)
giving a profit for the year, after income tax of	514
to which is added retained earnings brought forward of	249,591
leaving a balance carried forward on retained earnings of	250,105

The Company's net assets increased from GH¢259.6 million as at December 31, 2019 to GH¢260.1 million at December 31, 2020.

Capital expenditure

During the year ended December 31, 2020, an amount of GH¢22.8 million (2019: GH¢28.2 million) was spent on acquiring additional intangible assets and property, plant and equipment to support the Company's operations.

Key among these assets are:

Factory / Plant

- Wastewater Treatment Plant
- CIP Migration
- Packaging Line
- Freezing Room Extension
- Security Post Remodelling

Supply Chain

- Kasoa Cold room extension
- Jumbo Crates

Sales

- Acquisition of Bicycles

Administration

- ERP Upgrade
- Other IT/IS items
- Head Office Relocation to the Factory
- Corporate Fan Milk Website

Performance on the stock market

The price of the Company's shares did not do well on the Ghana Stock Exchange in 2020. It fell by 73.8% from GH¢4.12 in January 2019 to GH¢1.08 per share by December 31, 2020.

ISO certifications

The Company continues to be compliant with International Organisation for Standardisation (ISO) management standards which is an international standard-setting body composed of representatives from various national standards organisation.

Due to the COVID-19 pandemic, the Company postponed the ISO audit exercise in 2020. However, there was a Food Safety System Certified 'FSSC 22000 audit, which the Company passed and has been awarded the certificate by the Danone Group.

Capacity building of directors

During the year ended December 31, 2020, no formal training was organised for the directors by the Company.

Interest of directors

During the year ended December 31, 2020, no significant or material contract was entered into by the Company in which directors of the Company had an interest which significantly or materially affected the business of the Company.

Report of the Directors (continued)

Remuneration of executive and non-executive directors

The remuneration of directors of the Company is disclosed in the accompanying financial statements under key management personnel information in Note 23.

Audit fees

Audit fee for the year ended December 31, 2020 was GH¢254,000.

Acknowledgement

The Board of Directors wish to express their sincere appreciation to shareholders, customers, distributors, agents, vendors, management, and staff for their invaluable contributions in the operations of the Company in 2020. Also, the Board of Directors wishes to express their appreciation to Mr. David Percy Duker, an executive director who resigned from the Company on July 31, 2020 and Tiago Carneiro Dos Santos, a non-executive director of the Company who also resigned on February 27, 2020. We wish them well in their respective future endeavours.

BY ORDER OF THE BOARD:

Dr Chares Mensa
(Name of Director)

(Signature)

7th April, 2021

Ziobeieton Yeo
(Name of Director)

(Signature)

7th April, 2021


NEW
NutriDay®
Yoghurt
STRONG EVERY DAY.
DANONE
NutriDay
Fortified
SWEETENED YOGHURT
DANONE
NutriDay
Fortified
STRAWBERRY FLAVOURED YOGHURT
SUPPORTS YOUR IMMUNE SYSTEM
SOURCE OF
ZINC
DANONE

Managing Director's Review

Introduction

Distinguished shareholders, ladies and gentlemen, it is with a great pleasure that I warmly welcome you to our second virtual Annual General Meeting (AGM). We had our maiden virtual AGM last year, and since COVID 19 is still with us, we think, going virtual is a better alternative to perform this statutory duty. I present to you the management review of our operations for the year ended 31 December 2020.

The year 2020 was exceptionally a very challenging year due to the COVID pandemic. We could not build on the growth recorded in 2019. Instead, our company recorded a 12% decline in revenue and merely posted a net profit of GH¢0.5 million. We have made a lot of inroads in the midst of the pandemic and we are poised to deploy various strategies to make 2021 a better year, in spite of the prevalence of the COVID 19 pandemic.

Customer Service Development:

Last year, we initiated some projects to expand and improve our route to market. I am happy to update you on progress made so far.

We appointed 5 more KDs in 2020 bringing our total KD base to 21. In our quest to significantly improve product availability and visibility in key channels, we appointed a Strategic Distributor to manage distribution to Modern Trade and OMCs channels in Accra, South east and Coastal areas. This partnership is envisaged to enhance sales in 2021.

We continue to grow our Core Agent Base to expand our footprint in the Outdoor channel. In 2020, we recruited 53 new Agents and revamped our Trade term from a fixed to variable payout, aimed at driving both sales performance by recruiting and retaining vendors. To drive retention of vendors, we launched an Incentive scheme titled "Work & Win Promo" to reward vendors for consistently working for a set number of days and minimum daily sales within the month. The scheme motivated vendors and helped drive vendor retention within the highly volatile COVID period.

Our Sales automation infrastructure remains the bedrock for insights to drive business decision making. Last year, we accelerated indoor automation with a 100% utilization. Outdoor usage also grew its utilization to 62%. We look forward to reaching 100% utilization by end of 2021.

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

We continue to explore new innovative ways of reaching our consumers. At the height of the COVID pandemic last year, we piloted a home delivery service called "FanDelivery" to help us serve consumers despite the restrictions of lockdown. The pilot covered Accra, Kasoa and Tema. Following its initial success, we are looking to scale it up to Kumasi and Takoradi this year. We have identified further opportunities to reach consumers which we will be leveraging by piloting a number of initiatives like Food Chain partnerships, Ice Cream glacier/parlour, etc

Our sanitation and school nutrition programme (FanChoco School Caravan) could not happen last year due to closedown of schools during the COVID lockdown. With the reopening of schools in February, we have rolled out the programme in 104 schools this year.

Managing Director's Review (continued)

We supported the fight against COVID 19 through key initiatives. We donated our nutritious products to refresh key Frontline institutions and professionals (Noguchi, Ridge Hospital, Security Personnel, etc). We also donated products to Food banks to refresh deprived communities and institutions. Through a partnership with local entrepreneurs, we donated thousands of liters of hand sanitizers and cleaning agents to key health institutions.

Portfolio & Product Innovation

Innovation remains a key growth driver for us. Even more so in a challenging period like last year where COVID negatively impacted the business environment.

Despite the many constraints last year, we launched some relevant Innovations to leverage new consumer trends and help us close the gap on Sales delivery.

To leverage on the increase in demand for products that boosted the immune system, we launched 2 natural fresh yoghurt offerings: Yogo Boisson and Yaourt in the Modern Trade and OMCs channels.

In 2019, we launched a 250ml pack for FanIce to drive purchase frequency amongst consumers and help gain market share. In 2020, we followed it up with launch of a 500ml pack in April 2020. We also launched a new banana variant in 145ml pouch, 250ml and 500ml Tubs to expand the flavour range and give consumers more choice.

In November 2020, we entered the Premium Ice Cream segment with launch of Go Slo (a new premium indulgent ice cream). Go Slo is available in 4 exciting Flavours (Salted Caramel, Chocolate and Almond, Cookies and Cream & Peanut Butter). Following a successful launch, we have rolled out initiatives to drive awareness and distribution and look forward to making Go Slo the Premum Ice Cream of choice for Ghanaians.

Operating and Financial Review:

Fan Milk Plc financial results for the year ended 31 December 2020 shows an unimpressive picture compared to 2019 performance. Revenue declined 12 % from GH¢424.5m in 2019 to GH¢373.6m in 2020. This was due to the COVID 19 pandemic which severely impacted our outdoor channel.

Profit before tax dropped from GH¢ 38.7m in 2019 to GH¢0.8m in 2020. Profit after tax was GH¢0.5m compared to GH¢25.0 m 2019.

Cash Flow:

Cash and cash equivalents increased from GH¢39.0m in 2019 to GH¢54.0m in 2020.

Investment

Fan Milk Plc continues to prioritize our investment in building efficient process equipment as a critical means to meet our customers and consumers' needs, thus delivering our ambitious growth agenda. Investment of more than GH¢ 22.8m was undertaken within the year under review. Areas invested included: Industrial, Supply Chain, Sales and Administration& Information System Support.

Pick-IT Sorting Center – Towards a Circular Economy

In 2020, the Pick-It Sorting Centre was able to collect 10.6 tons of plastic materials, generating a shared wealth of over GH¢9,240.

The COVID-19 pandemic impacted seriously on the activities at all levels of the value chain. Collection activities by waste pickers were limited and the drop in prices of the materials on the recycling market slowed down the sales (some recyclers having slowed or shut down their activities for a large part of the year).

Following the 2019 audit conclusion and the end of Danone Ecosystem Fund funding, the Pick-It project went through a reboot

Managing Director's Review (continued)

process, launching a new phase. In October 2020, the new working model was approved by the three main parties: Fan Milk Plc, Environment 360 and Tema Traditional Council, who represent the new Board of the project. The new phase is now led and implemented by our partner Environment360, and activities resumed early 2021.

Collaborating with our stakeholders on environmental topics

Fan Milk Plc and GNASBA (Ghana National Scholarship Beneficiaries Association) have been collaborating for 27 years on Environmental Sanitation Education Campaigns. The goal of this campaign is to sensitize and educate school children in various communities countrywide on proper sanitation, waste segregation and tree planting to protect the environment from deforestation and positively impact behavioural change in schools.

In the last 27 years, through GNASBA, over 10,000 Fan Milk branded bins have been distributed across schools nationwide to promote, build, and instil a sense of responsibility of good sanitation in schools. In total, 120 districts in all the 16 regions have benefited from the campaign.

In 2020, due to COVID-19 and the restriction of public gathering, Fan Milk Plc donated close to 200 Fan products for the 27th anniversary of the School Health Environmental Sanitation Education and Afforestation Campaign. The event took place in the Ejisu Municipality (Fumesua) and was coupled by a community clean-up exercise involving selected schools.

Award

Our marketing leadership within the FMCG landscape was recognized again last year. FanYogo won product of the year at the 31st CIMG Awards. Our Commercial Director, Edwin Amoako was also adjudged the prestigious Marketing Practitioner of the Year award. These awards are testament to our impactful Marketing initiatives and challenge us to deliver even more disruptive and differentiated Marketing initiatives.

We thank you, the shareholders for your support and continuous confidence in us to lead this business to create value for all stakeholder.

I thank you for your attention.

Ziobeieton Yeo

Managing Director


GO ON
AND ON!
KEEP GOING WITH THE
NEW FANYOGO PUNCHIE PEACH
NEW
FAN
FanMilk
FanYogo
PUNCHIE PEACH
Peach & Raspberry Flavoured Skimmed Yoghurt
Yaourt écrémé aromatisé à la Pêche et à la Framboise
THIS ADVERT IS FDA APPROVED
SO COOL.
SO GOOD.

Corporate Governance

Introduction

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

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

The Board of Directors

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

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

During the early part of the COVID-19 period, the board was meeting management fortnightly for updates on COVID-19 on staff members, recovery plans and the general impact of the pandemic on the business.

The Audit Committee

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

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

During the period under review, the committee met on February 11, 2020 and November 27, 2020.

Corporate Governance (continued)

External Audit

PricewaterhouseCoopers, the external auditor, at the audit committee meeting held on November 27, 2020 shared their audit plan which included objectives of the audit, audit approach, responsibilities of the directors and the auditor, audit scope and reporting timetable for the year ended December 31, 2020.

At the February 26, 2021 Audit Committee meeting, PricewaterhouseCoopers presented their observations and matters arising from their audit of the financial statements for the year ended December 31, 2020 to the committee members.

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

Systems of Internal Control

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

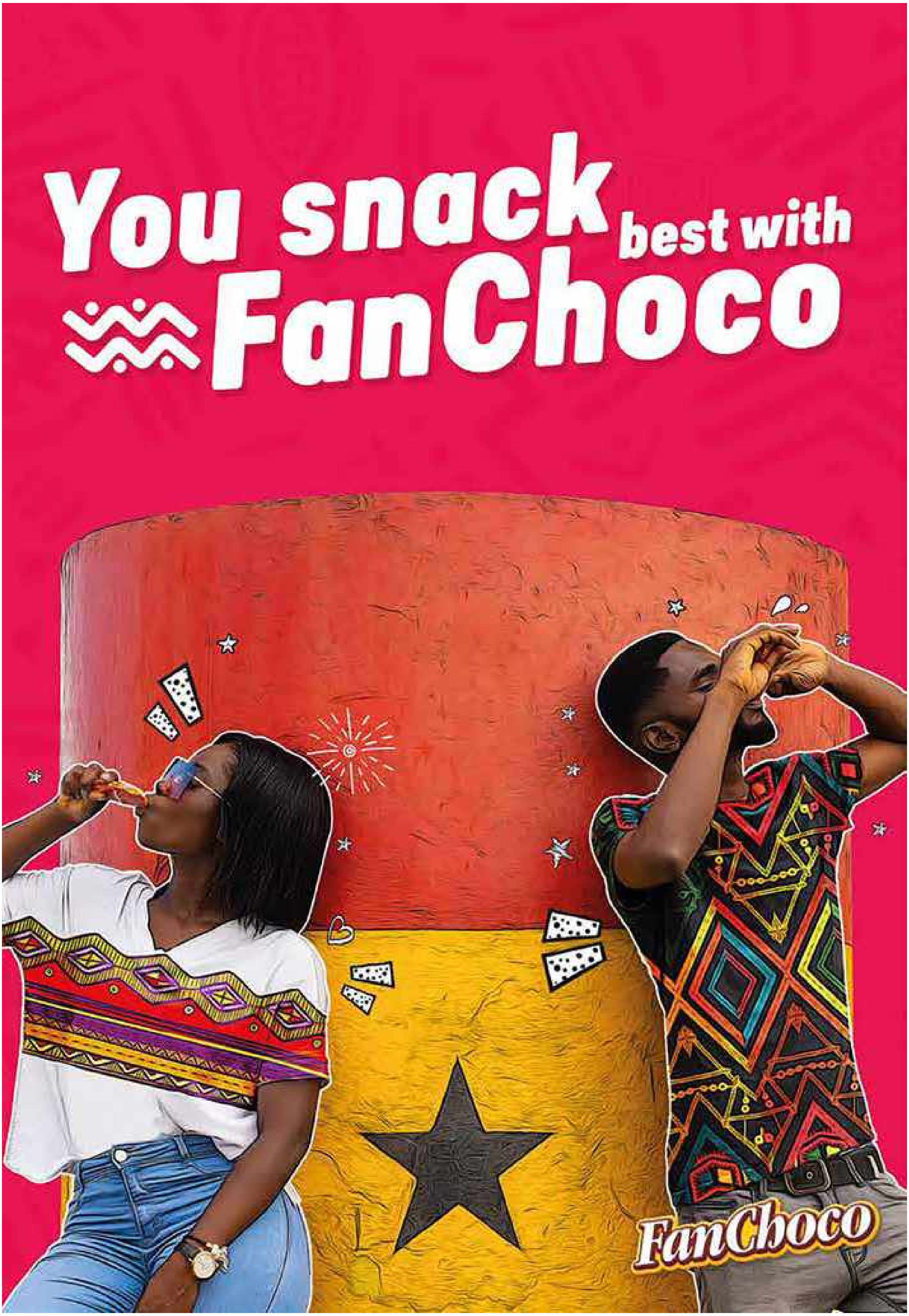
The internal audit function of the Company plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal control are implemented and monitored by appropriately trained personnel and their duties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

Code of Business Ethics

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

Conflict of Interest

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


You snack best with
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Board of Directors

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

DR. CHARLES **MENSA (CHAIRMAN)**

Dr. Charles Mensa (age 67, Ghanaian) is the founder and Chairman of the Institute of Economic Affairs, Ghana (IEA). He is also the Board Chairman of SAB Miller Ghana Limited and was formerly the Chairman of Barclays Bank Ghana Limited now ABSA Group. Dr. Mensa brings to the board of Fan Milk Plc an extensive experience in leading key industries and in public policy advocacy.

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

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

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

GEORGE H. O **THOMPSON (NON-EXECUTIVE DIRECTOR)**

George H.O. Thompson (age 70, Ghanaian) B.A. (Hons) LLB (Hons) Barrister-At-Law and Solicitor. He was called to the Ghana Bar in September 1976 and to the Bar of The Gambia in March 1982. He was appointed Assistant State Attorney/Assistant Registrar General and worked at the Registrar General's Department from 1977 to 1980.

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

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

PEACE **AYISI-OKYERE (NON-EXECUTIVE DIRECTOR)**

Peace Ayisi-Okyere (Mrs), (aged 74, Ghanaian) was educated at Wesley Girls' High School in Cape Coast, Ghana. She holds an Honours degree in Economics from the University of Ghana, and a Master's in Business Administration (Finance and Accounting option) from the prestigious Babson College in the USA.

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

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

Committee Membership: None
Other Directorships: None

Frederic **Leblan (Non-Executive Director)**

Mr. Frédéric Leblan, (age 46, French), who is the VP Finance, Danone Africa was appointed non-executive director in October 2019. Mr. Leblan has a demonstrated history of administrative, financial and risk management and leadership in the food production industry.

Mr. Leblan started his career in 1996 at Lafarge Aluminates UK Finance positions. He joined Danone in 2001 as Finance Manager of HP Foods Group, based in London. In 2004 he was promoted as Danone Group Cash Flow Business Controller, then Finance Director at Evian Volvic Sources in 2007. In 2010, he took the role of Corporate Development Project Director working in particular on Danone Africa recent acquisitions.

In November 2014, Frédéric was appointed Finance Vice President for Waters LATAM where he helped strengthen finance process and team supporting the region to deliver a strong profitable growth. In January 2018, Frédéric was appointed to his current role as Vice President Finance, Danone Africa.

He holds the DECF - Diploma D' etudes Comptables et Financieres, the French equivalent of CIMA and also Master - Sup de Co Program from the Reims Management School in France.

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

ZIOBEIETON **YEO (MANAGING DIRECTOR)**

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

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

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

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

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

Independent Auditor's Report to the Members of Fan Milk PLC.

Our Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fan Milk Plc (the "Company") as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992).

What we have audited

We have audited the financial statements of Fan Milk Plc for the year ended 31 December 2020.

The financial statements comprise:

- the statement of comprehensive income for the year ended 31 December 2020;
- the statement of financial position as at 31 December 2020;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

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 and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

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 Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of trade receivables – GH¢2.031 million Gross trade receivable as at 31 December 2020 amount to GH¢20.931 million of which an impairment loss allowance of GH¢2.031 million has been recognised. Management applied a simplified approach (provision matrix) to determine the impairment loss allowance which is based on expected credit loss (ECL). In applying the provison matrix, management estimates the ultimate write offs for a defined population of trade receivables. Collection of these receivables are then analysed by time buckets. A loss ratio is calculated by dividing the ultimate write off by the amounts outstanding in each time bucket. The ratio is adjusted with forward looking information such as inflation. Management exercises significant judgements in the definition default, period selected in assessing historical loss rates and the selection of forward - looking information The determination of the expected credit loss is therefore considered as a key audit matter for the Company based on the level of complexity and significant management judgement involved. The basis of the provisions and critical judgements relating to the calculation of the impairment provisions are summarised in notes 2 (g), 2(h) and 3 in the notes to the financial statements. The gross trade receivables and related impairment provisions are disclosed in note 14 to the financial statements.	We evaluated the design and tested the operating effectiveness of management's controls over the trade receivables process including recording of credit sales and approval of credit limits. We circularised selected trade receivables amounts to determine the existence of debtor balances. We agreed the historical write-offs and the trade receivable time buckets used in the ECL calculation to historical data. The forward looking information used in the ECL calculation was also agreed to observable macroeconomic data. We assessed the appropriateness of assumptions and judgements made by management around the definition of default, the nature of forward-looking information, the weights assumed in adjusting loss ratio with forward looking information and the period used in assessing the historical loss rate. We recomputed the impairment loss allowance based on verified inputs and assumptions used by management. We tested the subsequent receipts from selected debtors to assess the rececerability of debtors at the end of the year. We checked the adequacy of disclosures made in the financial statements for impairment loss allowances.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, 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 for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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 misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

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

We 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 control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

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

The engagement partner on the audit resulting in this independent auditor's report is Richard Ansong (ICAG/P/1539)

PricewaterhouseCoopers (ICAG/F/2021/028)
Chartered Accountants
Accra, Ghana 14 April 2021

pwc


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Statement of profit or loss and other Comprehensive Income

(All amounts are in thousands of Ghana cedis)

		Year ended December 31	
	Note	2020	2019
Revenue from contracts with customers	4	**373,578**	424,486
Cost of sales	5	**(253,604)**	(254,210)
Gross profit		**119,974**	170,276
Impairment of financial assets	5	**(2,477)**	(1,800)
Distribution costs	5	**(87,036)**	(91,309)
Administrative expenses	5	**(32,556)**	(50,656)
Other income – (net)	6	**2,369**	10,039
Operating profit		**274**	36,550
Finance income	7	**2,594**	4,949
Finance costs	8	**(2,069)**	(2,765)
Profits before income tax		**799**	38,734
Income tax expense	9	**(285)**	(13,718)
Profit for the year		**514**	25,016
Other comprehensive income		**-**	-
Total comprehensive income		**514**	25,016
Earnings per share:			
Basic and diluted (GH¢)	12	**0.004**	0.215

The notes on pages 32 to 60 are an integral part of these financial statements.

Statement of Financial Position

(All amounts are in thousands of Ghana cedis)

		At December 31	
ASSETS	**Note**	**2020**	**2019**
Non-current assets			
Property, plant and equipment	10	**178,315**	187,380
Right-of-use assets	25	**2,793**	3,726
Intangible assets	11	**1,426**	867
		182,534	191,973
Current assets			
Inventories	13	**94,372**	96,606
Trade and other receivables	14	**100,612**	47,024
Current income tax assets	20	**4,713**	1,184
Cash and cash equivalents	15	**54,021**	39,032
		253,718	183,846
TOTAL ASSETS		**436,252**	375,819
EQUITY AND LIABILITIES			
Equity attributable to owners			
Stated capital	16	**10,000**	10,000
Retained earnings	17	**250,105**	249,591
Liabilities		**260,105**	259,591
Non-current liabilities			
Deferred tax liabilities	18	**9,349**	11,295
Employee benefit obligations	24	**284**	1,222
Lease liabilities	25	**1,833**	3,717
		11,466	16,234
Current liabilities			
Lease liabilities	25	**713**	425
Employee benefit obligations	24	**39**	168
Trade and other payables	19	**160,923**	96,363
Dividend payable	21	**3,006**	3,038
		164,681	99,994
Total liabilities		**176,147**	116,228
TOTAL EQUITY AND LIABILITIES		**436,252**	375,819

The notes on pages 32 to 60 are an integral part of these financial statements.

The financial statements on pages 27 to 60 were approved by the Board of Directors on and signed on 7 April 2021 their behalf by:

Name of Director: Dr Charles Mensa

Signature:

Name of Director: Ziobeieton Yeo

Signature:

Statement of Changes In Equity

(All amounts are in thousands of Ghana cedis)

	Stated capital	Retained earnings	Total
Year ended December 31, 2020			
At the beginning of the year	10,000	249,591	**259,591**
Total comprehensive income	-	514	**514**
Transactions with owners	-	-	**-**
At the end of the year	10,000	250,105	**260,105**
Year ended December 31, 2019			
At the beginning of the year	10,000	224,575	234,575
Total comprehensive income	-	25,016	25,016
Transactions with owners	-	-	-
At the end of the year	10,000	249,591	259,591

The notes on pages 32 to 60 are an integral part of these financial statements.

Statement of Cash Flows

(All amounts are in thousands of Ghana cedis)

		Year ended December 31	
	Note	2020	2019
Cash flows from operating activities			
Cash generated from operations	22	**43,446**	14,559
Interest paid		**(2,025)**	(2,747)
Interest received	7	**2,594**	4,949
Tax paid	20	**(5,760)**	(9,258)
Net cash generated from operating activities		**38,255**	7,503
Cash flows from investing activities			
Purchase of property, plant and equipment	10	**(22,830)**	(27,163)
Purchase of intangible assets	11	**(7)**	(1,022)
Proceeds from sale of property, plant and equipment	10	**1,199**	14,287
Net cash used in investing activities		**(21,638)**	(13,898)
Cash flows from financing activities			
Principal lease payments	25(iii)	**(1,596)**	(515)
Dividend paid	21	**(32)**	(27)
Net cash used in financing activities		**(1,628)**	(542)
Increase/(decrease) in cash and cash equivalents		**14,989**	(6,937)
Cash and cash equivalents at the beginning of the year		**39,032**	45,969
Cash and cash equivalents at the end of the year	15	**54,021**	39,032

The notes on pages 32 to 60 are an integral part of these financial statements.


FanYogo
Strawberry Flavoured skimmed Yoghurt
Yaourt écrémé aromatisé à la fraise
love

Notes

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

1. General information

Fan Milk Plc ("the Company") is a public limited liability company incorporated in Ghana and listed on the Ghana Stock Exchange. The registered office is located at Grand Oyeeman Building, Plot No. 9, South Liberation Link, Airport Commercial Area, Accra.

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

2. Summary of significant accounting policies

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

(a) Basis of preparation

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

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

(i) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Company. Those that are likely to have an impact on the Company's financial statements when the standards become effective are set out below:

COVID-19-related Rent Concessions – Amendments to IFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New standards and interpretations not yet adopted (continued)

COVID-19-related Rent Concessions – Amendments to IFRS 16 (continued)

In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

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

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

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

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

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

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

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

(b) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(b) Foreign Currency translation (continued)

Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses'.

(c) Property, plant and equipment

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

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

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

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

Asset category	Useful life
Leasehold land	Over the unexpired portion of the lease
Buildings	15 - 33 years
Motor vehicles:	
Distribution trucks	8 years
Other motor vehicles	5 years
Plant, machinery and others:	
Deep freezers and bicycles	5 years
Computers	3 years
Furniture and fittings	5 years
Plant and machinery	10 years

(c) Property, plant and equipment

Included in the plant, machinery and others in note 10 are the cost and depreciation of deep freezers and bicycles, computers and furniture and fittings. The costs of distribution trucks are included in motor vehicles.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount

2. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) in profit or loss.

(d) Intangible assets

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

(e) Impairments of non-financial assets

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

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

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

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than the carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

(f) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Spare parts are generally treated as inventories. As they are usually used for maintenance and repairs, their cost is expensed when used. However, there are exceptions where:

- Major spare parts are recorded as property, plant and equipment when the company expects to use them during more than one year; and
- Spare parts that can be used only in connection with an item of property, plant and equipment, so as to extend its useful life or to substantially improve its performance, are recorded as property, plant and equipment.

2. Summary of significant accounting policies (continued)

(g) Financial assets

(i) Classification

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

(iv) Offsetting financial instruments

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

(v) Impairment

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

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

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

The Company recognises a 100% impairment loss on receivables exceeding 180 days.

2. Summary of significant accounting policies (continued)
(g) Financial assets (continued)
(v) Impairment (continued)

The Company's expected loss rates used in calculating impairment losses are based on the payment profiles of sales customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss rates as at December 31, 2020 and December 31, 2019 is set out in note 27.

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

(h) Trade receivables

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

(i) Cash and cash equivalents

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

(j) Stated capital

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

(k) Current and deferred income tax

Income tax expense

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

Current income tax

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

Deferred income tax

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

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

2. Summary of significant accounting policies (continued)

(k) Current and deferred income tax (continued)

Deferred income tax (continued)

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

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

(l) Financial liabilities

Initial recognition and measurement

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

Financial liabilities are subsequently measured at amortised cost.

Derecognition of financial liabilities

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

(m) Trade payables

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

(n) Dividends

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

(o) Revenue recognition

The Company derives its revenue from the sale of goods.

The Company produces and sells a range of dairy products through sales agents and other distributors. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Sales agents do not have full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location. The risks of obsolescence and loss have not been transferred to the agents and distributors. The

2. Summary of significant accounting policies (continued)

(o) Revenue recognition (continued)

products are often sold with retrospective volume discounts based on aggregate monthly sales. The product disaggregation is disclosed in Note 4.

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

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

(p) Employee benefits

Pension obligation

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

Long service awards

The Company gives awards to all employees to recognise and reward members of staff for continuous and dedicated service. Employees are rewarded for period of service in excess of 10 years. Liabilities for long service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Refer to Note 24 for further disclosures.

(q) Provisions

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

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

(r) Earnings per share

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

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

2. Summary of significant accounting policies (continued)

(s) Events after reporting date

Events subsequent to the reporting date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

(t) Contingent liabilities

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

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for the allocation of resources and assessing the performance of the operating segments.

(v) Leases

(i) The Company's leasing activities and how these are accounted for (continued)

The Company leases one warehouse. Rental contracts are typically made for fixed periods of 5 years, but may have extension options as described in note 2(v) (ii) below. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(v) Leases continued)

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

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

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

(ii) Extension and termination options

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

3. Critical accounting estimates and judgements

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

Estimated useful lives of property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 2 (c). Should the estimated useful lives of the property and equipment differ by 1% from management's estimates, the carrying amount of the property and equipment would be an estimated GH¢301,170 (2019: GH¢304,370) higher or lower.

Income taxes

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

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

3. Critical accounting estimates and judgements (continued)

Employee benefit obligations

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

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that is applied to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 24.

Leases - Critical judgements in determining the lease term

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

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

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

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

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

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there was no revisions made in lease terms to exercise extension and termination options.

Notes (continued)

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

4. Revenue from contracts with customers

	2020	2019
Net sales	373,578	424,486
Gross sales by product type		
The company derives revenue from the transfer of goods at a point in time		
Dairy	320,106	360,774
Juice	43,815	29,446
Ice cream	64,658	76,025
Gross sales	428,579	466,245
Rebates	(55,001)	(41,759)
	373,578	424,486

5. Expenses by nature

	2020	2019
Raw materials and consumables	168,541	174,965
Employee benefits expense (including long service awards)	44,307	48,873
Depreciation on property, plant and equipment (Note 10)	30,117	30,437
Amortisation of intangible assets (Note 11)	392	292
Depreciation charge on right-of-use assets (Note 25)	933	931
Repairs and maintenance	18,751	31,694
Vehicle running expenses	957	1,252
Utilities	19,978	23,639
Fuel	4,307	5,459
Insurance	2,866	1,733
Sales promotion and advertising expenses	10,122	12,563
Technical service fees	12,637	13,987
Auditor's remuneration	254	240
Directors' emoluments	1,629	2,914
Donations	46	1
Transportation expenses	11,783	8,747
Impairment charge (Note 14)	2,477	1,800
Information technology expenses	1,640	786
Outsourced labour cost	4,779	3,784
Communication expenses	11,387	1,210
Security services expenses	1,294	1,296
Short term rent expenses	4,146	3,503
Environmental and social responsibility expenses	221	35
Net exchange loss	2,125	3,401
Consultancy expenses	1,820	2,329

Notes (continued)

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

5. Expenses by nature (Continued)

	2020	2019
Medical expenses	**2,697**	2,687
Other expenses	**8,915**	11,316
Other factory expenses	**6,552**	8,101
	375,673	397,975

Expenses by nature have been disclosed in the statement of comprehensive income as follows:

	2020	201
Cost of sales	**253,604**	254,210
Distribution costs	**87,036**	91,309
Impairment of financial assets	**2,477**	1,800
Administrative expenses	**32,556**	50,656
	375,673	397,975

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

Employee benefit expense comprise:

	2020	2019
Wages, salaries and allowances	**39,555**	41,968
Pension costs	**3,447**	3,468
Long service awards expense	**10**	1,390
Provident fund costs	**1,295**	2,047
	44,307	48,873

The total number of staff employed by the Company by the year ended December 31, 2020 was 443 (2019: 623).

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

6. Other income - (net)

	2020	2019
Profit on disposal of property, plant and equipment (Note 10)	**365**	8,157
Sale of empty bags and scraps	**141**	151
Rental income	**1,104**	936
Exchange gain	-	195
Exchange loss	-	(198)
Bad debts recovered (Note 14)	**759**	798
	2,369	10,039

7. Finance income

	2020	2019
Interest income on fixed deposit and call accounts with banks	**2,594**	4,949

8. Finance costs

	2020	2019
Interest expense on agents' savings	**1,165**	1,368
Finance cost on staff loan	**44**	18
Interest on lease liabilities (Note 25)	**388**	481
Finance cost on credit facility	**472**	898
	2,069	2,765

As at December 31, 2020, the Company held an undrawn facility of GH¢75,000,000 with a local bank which attracted an interest rate of the Ghana Reference Rate plus a 2% margin (GRR + 2%).

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

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

9. Income tax expense

	2020	2019
Current income tax charge (Note 20)	**2,231**	11,003
Deferred tax (credit)/charge (Note 18)	**(1,946)**	2,715
	285	13,718

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

9. Income tax expense (continued)

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

	2020	2019
Profit before tax	799	38,734
Tax charged at 25% (2019: 25%)	200	9,684
Tax effect of:		
Expenses not deductible in determining taxable profit	11	2,877
Non-qualifying assets	286	3,716
Income not taxable	(212)	(2,039)
Other timing differences	-	(520)
	285	13,718

The effective tax rate was 36% as at December 31, 2020 (2019: 35%).

10. Property, plant and equipment

	Lease-hold land	Buildings	Motor vehicles	Plant, machinery and others	Capital work in progres	Total
At January 1, 2020						
Cost	3,830	44,624	49,639	221,980	12,863	332,936
Accumulated depreciation	(939)	(11,087)	(30,858)	(102,672)	-	(145,556)
Net book amount	2,891	33,537	18,781	119,308	12,863	187,380
Year ended December 31, 2020						
Opening net book amount	2,891	33,537	18,781	119,308	12,863	187,380
Additions	-	-	-	-	22,830	22,830
Transfer to other asset classes	-	473	-	5,719	(6,192)	-
Transfer to intangible assets	-	-	-	-	(944)	(944)
Disposals at cost	-	-	(2,970)	(1,551)	-	(4,521)
Depreciation released on disposal	-	-	2,501	1,186	-	3,687
Depreciation charge	(73)	(2,220)	(5,279)	(22,545)	-	(30,117)
Closing net book amount	2,818	31,790	13,033	102,117	28,557	178,315
At December 31, 2020						
Cost	3,830	45,097	46,669	226,148	28,557	350,301
Accumulated depreciation	(1,012)	(13,307)	(33,636)	(124,031)	-	(171,986)
Net book amount	2,818	31,790	13,033	102,117	28,557	178,315

Transfers amounting to GH¢ 944,360 were made from capital work in progress to intangible assets during the year ended December 31, 2020.

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

10. Property, plant and equipment (continued)

	Lease-hold land	Buildings	Motor vehicles	Plant, machinery and others	Capital work in progress	Total
At January 1, 2019						
Cost	3,830	45,663	42,143	213,319	10,310	315,265
Accumulated depreciation	(866)	(9,266)	(27,370)	(80,979)	-	(118,481)
Net book amount	2,964	36,397	14,773	132,340	10,310	196,784
Year ended December 31, 2019						
Opening net book amount	2,964	36,397	14,773	132,340	10,310	196,784
Additions	-	-	-	-	27,163	27,163
Transfer	-	210	10,472	9,575	(20,257)	-
Disposals at cost	-	(1,249)	(2,976)	(914)	(4,353)	(9,492)
Depreciation released on disposal	-	400	2,136	826	-	3,362
Depreciation charge	(73)	(2,221)	(5,624)	(22,519)	-	(30,437)
Closing net book amount	2,891	33,537	18,781	119,308	12,863	187,380
At December 31, 2019						
Cost	3,830	44,624	49,639	221,980	12,863	332,936
Accumulated depreciation	(939)	(11,087)	(30,858)	(102,672)	-	(145,556)
Net book amount	2,891	33,537	18,781	119,308	12,863	187,380

	2020	2019
Profit on disposal of property, plant and equipment		
Cost	**4,521**	9,492
Accumulated depreciation	**(3,687)**	(3,362)
Net book amount	**834**	6,130
Sale proceeds	**(1,199)**	(14,287)
Profit on disposal	**(365)**	(8,157)

Notes (continued)

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

11. Intangible assets

	2020	2019
Cost		
At January 1	**2,347**	1,325
Additions	**7**	1,022
Transfers from capital work in progress	**944**	-
At December 31	**3,298**	2,347
Amortisation		
At January 1	**(1,480)**	(1,188)
Amortisation charge	**(392)**	(292)
At December 31	**(1,872)**	(1,480)
Net book amount at December 31	**1,426**	867
12. Earnings per share		
Profit for the year	**514**	25,016
Number of ordinary shares issued	**116,207,288**	116,207,288
Basic and diluted earnings per share (GH¢)	**0.004**	0.215

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

13. Inventories

	2020	2019
Raw materials	**60,296**	47,254
Finished goods	**7,270**	4,791
Work in progress	**107**	105
Goods in transit	**17,923**	31,901
Consumables	**8,776**	12,555
	94,372	96,606

The cost of inventories charged to the statement of comprehensive income during the year ended December 31, 2020 amounts to GH¢168.541 million (2019: GH¢174.965 million). An amount of GH¢2.122 million was charged to profit or loss as expired and damaged inventories during the year ended December 31, 2020 (2019: GH¢1.699 million).

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

14. Trade and other receivables

	2020	2019
Trade receivables	**20,931**	20,284
Less: Provision for impairment losses	**(2,031)**	(2,620)
Trade receivables – net	**18,900**	17,664
Due from related companies (Note 23)	**71,724**	21,363
Other receivables	**4,310**	1,795
Due from staff	**304**	427
Prepayments	**5,374**	5,775
	100,612	47,024

The maximum amount of staff indebtedness during the year did not exceed GH¢427,000 (2019: GH¢609,000).

The fair value of amounts due from staff is based on the discounted cash flows using a borrowing rate of 19.77% per annum (2019: 18% per annum). The Company applied Ghana Reference Rate (GRR) plus an appropriate credit rating from the Company's key bankers as discount rate. The directors consider the carrying amount of other receivables to approximate their fair value.

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

	2020	2019
At January 1	**2,620**	1,618
Impairment charge for the year (Note 5)	**2,477**	1,800
Bad debts recovered	**(759)**	(798)
Release	**(2,307)**	-
At December 31	**2,031**	2,620

15. Cash and cash equivalents

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

	2020	2019
Cash at bank	**41,209**	34,316
Cash on hand	**7,608**	2,483
Deposits at call	**5,204**	2,233
	54,021	39,032

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

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

16. Stated capital

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

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

There was no change in the authorised and issued ordinary shares of the Company during the year ended December 31, 2020 and December 31, 2019.
There are no treasury shares. There are no calls or instalments unpaid

17. Retained earnings

	2020	2019
At 1 January	**249,591**	224,575
Profit for the year	**514**	25,016
At end of the year	**250,105**	249,591

18. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the enacted income tax rate of 25% (2019: 25%). There were no unrecognised tax assets as at December 31, 2020. (2019: Nil). The movement in deferred income tax is as follows:

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

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

18. Deferred tax (continued)

Year ended December 31, 2020	At January 1,2020	Credit)/charge to profit or loss	At December 31, 2020
Deferred tax liabilities			
Property, plant and equipment on			
historical cost basis	11,505	1,187	12,692
Staff leave provision	(245)	113	(132)
Impairment of trade receivables	(146)	(304)	(450)
Restructuring provision	(2,368)	1,553	(815)
Litigation provision	(166)	166	-
	8,580	**2,715**	**11,295**

19. Trade and other payables

	2020	2019
Trade payables	**9,409**	8,614
Due to related companies (Note 23)	**95,040**	40,952
Other payables	**33,611**	29,270
Dividend payable	**3,006**	3,038
Restructuring provision	-	3,099
Accrued expenses	**19,857**	11,390
	160,923	96,363

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

20. Current income tax

Year ended December 31, 2020

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

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

20. Current income tax (continued)
Year ended December 31, 2019

Year of assessment	Balance at January 1	Charge for the year	Payment in the year	Balance at December 31
Up to 2018	(2,929)	-	-	(2,929)
2019	-	11,003	(9,258)	1,745
	(2,929)	11,003	(9,258)	(1,184)

21. Dividend payable

	2020	2019
At January 1	**3,038**	3,065
Dividend paid	**(32)**	(27)
At December 31	**3,006**	3,038

Payment of dividend is subject to the deduction of withholding taxes rate of 8%. The directors do not recommend the payment of a dividend for the year ended December 31, 2020 (2019: Nil).

22. Cash generated from operations
Reconciliation of net profit before tax to cash generated from operations:

	2020	2019
Profit before tax	**799**	38,734
Depreciation (Note 10)	**30,117**	30,437
Impairment of financial assets	**2,477**	1,800
Amortisation of intangible assets (Note 11)	**392**	292
Depreciation charge on right-of-use assets (Note 25)	**933**	931
Finance costs (Note 8)	**2,069**	2,765
Finance income (Note 7)	**(2,594)**	(4,949)
Non-cash portion of tax offset	-	6,414
Profit on disposal of property, plant and equipment (Note 10)	**(365)**	(8,157)
Changes in working capital:		
Decrease/(increase) in inventories	**2,234**	(46,206)
Increase in trade and other receivables (less interest receivable on staff loan and impairment on financial assets)	**(56,109)**	(25,073)
(Decrease)/increase in employee benefit obligations	**(1,067)**	1,390
Increase in trade and other payables	**64,560**	16,181
Cash generated from operations	**43,446**	14,559

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

23. Related party disclosures

Fan Milk International A/S holds 62.10% of the Company's issued ordinary shares in Fan Milk Plc. Fan Milk International A/S is the majority shareholder of the Company and has other holdings in Fan Milk Plc (Nigeria), Fan Milk S.A. (Togo), Fan Milk SARL (Benin), Fan Milk Côte d'Ivoire S.A., Emidan A/S and Fan Milk West Africa Limited. These Companies are therefore entities related through common control. In the normal course of business, the Company entered into the following transactions with related parties:

	2020	2019
Purchase of goods		
Emidan A/S	**118,434**	161,987
Danone SA	**193**	1,802
Centrale Danone (an affiliate of Danone S.A)	-	210
Fan Milk Nigeria	**94**	650
Fan Milk Cote D'Ivoire	**3,942**	148
FanMilk West Africa Limited	-	611
Fan Milk Togo	**1,224**	193
Alpro	**81**	-
Sale of goods		
Fan Milk Togo	**35,253**	3,424
Fan Milk West Africa Limited	**7,585**	3,029
Fan Milk Cote D'Ivoire	**17,360**	75
Technical service fees		
Royalties	**12,637**	13,987

Outstanding balance arising from sales and, or purchase of goods and services are as follows:

Due from related companies

	2020	2019
Fan Milk Nigeria	**905**	51
Fan Milk Togo Current account	**24,467**	3,708
Emidan A/S	**17,863**	11,524
Danone SA	-	100
Danone France	**318**	-
Centrale Danone	**276**	-
Fan Milk Cote d'Ivoire	**14,430**	77
Fanmilk West Africa Limited	**13,465**	5,903
	71,724	21,363

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

23. Related party disclosures (continued)

	2020	2019
Due to related companies		
Emidan A/S	73,168	31,737
Fan Milk International A/S	12,781	3,148
Emidan A/S	-	655
Danone SA	1,949	1,802
Fan Milk Cote d'Ivoire	2,817	192
Fan Milk Togo	4,325	3,418
	95,040	40,952

The amount due from and due to related companies are unsecured, non-interest bearing and are to be settled in cash. There is no history of default. No guarantees have been issued by the Company to its related companies during the year ended December 31, 2020 and December 31, 2019.

Transactions with key management personnel

Key management personnel are considered to be the directors of the Company.

	2020	2019
Remuneration		
Excutive Director (short-term benefits)	1,163	2,448
Non-executive Director (short-term benefits)	466	466

24. Employee benefit obligations

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

	2020	2019
Long service award	323	1,390

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

	2020	2019
Present value of obligation:		
At January 1	1,390	-
Long service cost charged to profit and loss	-	1,390
Reversal of provision for long service awards	(1,067)	-
At December 31	323	1,390

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

24. Employee benefit obligations (continued)

	2020	2019
Non-current portion of employee benefit obligation liabilities	284	1,222
Current portion of employee benefit obligation liabilities	39	168
	323	1,390
The significant actuarial assumptions applied are as follows:		
Attrition rate	15%	11%
Inflation rate	10.6%	7.2%
25. Leases		
Right-of-use assets		
Buildings (Warehouse)		
Cost		
At 1 January	4,657	-
Additions	-	4,657
At 31 December	4,657	4,657
Depreciation charge on right-of-use assets		
At 1 January	931	-
Charge	933	931
At 31 December	1,864	931
Net book amount	2,793	3,726
Lease liabilities		
Buildings (Warehouse)		
At 1 January	4,142	-
Add: contracts reassessed as lease contracts	-	4,657
Interest on lease liabilities	388	481
Principal and interest payments (Note 25(iii))	(1,984)	(996)
	2,546	4,142

(i) Amounts recognised in the statement of financial position

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

	2020	2019
Right-of-use assets	2,793	3,726
Lease liabilities:		
Current lease liabilities	713	425
Non-current lease liabilities	1,833	3,717
	2,546	4,142

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

25. Leases (continued)

	2020	2019
(ii) Amounts recognised in the statement of comprehensive income		
Buildings (Warehouse)		
Depreciation charge on right-of-use assets (Note 5)	933	931
Interest on lease liabilities (Note 8)	388	481
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	5,472	4,410
(iii) Amounts paid with respect to leases		
Principal payment	1,596	515
Interest payment	388	481
	1,984	996

26. Contingent liabilities

The Company is involved in certain legal proceedings. These court cases arose in the ordinary course of business. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss to the Company beyond the amounts provided for in the financial statements for the year ended December 31, 2020 and December 31, 2019.

27. Financial risk management objectives and policies

Financial risk factors

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

Market risk

Foreign exchange risk

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

At December 31, 2020, if the currency had weakened/strengthened by 10% (2019: 10%) against the US dollar with all other variables held constant, post-tax profit for the year and equity would have been GH¢1,304,156 (2019: GH¢44,049) lower / higher, mainly as a result of US dollar denominated trade payables, receivables and cash and bank balances.

At December 31, 2020, if the currency had weakened/strengthened by 10% (2019: 10%) against the Euro with all other variables held constant, post-tax profit for the year and equity would have been GH¢592,821 (2019: GH¢2,526,979) / higher / lower, mainly as a result of Euro denominated trade payables, receivables and cash and bank balances.

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

27. Financial risk management objectives and policies (continued)
Financial risk factors (continued)
Market risk (continued)

Foreign exchange risk (continued)
Refer to the table below for the exposure balances for foreign exchange risk:

	2020	2019
Cash and cash equivalents	**7,422**	4,246
Trade and other receivables	**61,349**	3,901
Trade and other payables	**(78,256)**	(31,829)
	(9,484)	(23,682)

Interest rate risk

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. At December 31, 2020, the Company had no liabilities arising from borrowings (2019: Nil).

Price risk

The Company does not hold any financial instruments subject to price risk.

Credit risk

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

Trade and other receivables consist of invoiced amounts from normal trading activities and amount due from related parties. Strict credit control is exercised through monitoring of cash received from customers and other parties and, when necessary, provision is made for specific doubtful accounts. As at December 31, 2020, management was unaware of any significant unprovided credit risk (2019: Nil).

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

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

	2020	2019
Cash and cash equivalents (excluding cash on hand)	**46,413**	36,549
Trade receivables	**18,900**	17,664
Amount due from related companies	**71,724**	21,363
Due from staff	**304**	427
Other receivables (excluding prepayments)	**4,310**	1,795
Total credit risk exposure	**141,651**	77,798

Agents savings amounting to GH¢13 million (2019: GH¢13.8 million) are held as collateral against trade receivables.

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

27. Financial risk management objectives and policies (continued)
Financial risk factors (continued)
Credit risk (continued)

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

On that basis, the loss allowance as at December 31, 2020 is as follows:

	1 to 45 days	46 to 90 days	91 to 135 day	136 to 180 days	More than 180 days	Total
Gross carrying amount	14,992	2,919	624	477	1,919	**20,931**
Expected credit loss rate	0.03%	2.20%	3.51%	4.59%	100%	
Loss allowance	4	64	22	22	1,919	**2,031**

The Company assessed the other receivables, cash and related party receivables balances to determine their expected credit losses. Based on this assessment, they identified the expected credit loss to be insignificant as at December 31, 2020 (2019: Nil).

Liquidity risk

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

The Company places cash in interest bearing current accounts to provide sufficient funding to meet its obligations. At the end of the reporting date, bank accounts, cash held on call and fixed deposit accounts was GH¢46.4 million (2019: GH¢36.5 million). This is expected to be sufficient for managing liquidity risk.

Maturity analysis of financial liabilities

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

	2020			2019		
	Within 12 months	Over 12 months	Total	Within 12 months	Over 12 months	Total
Trade and other payables (excluding non-financial liabilities)	**153,476**	**-**	**153,476**	85,734	-	85,734
Lease liabilities	**713**	**1,833**	**2,546**	425	3,717	4,142
	154,189	**1,833**	**156,022**	86,159	3,717	89,876

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

28. Fair values of financial assets and liabilities

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

(a) Trade and other receivables

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

(b) Non-derivative financial liabilities

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

(i) Financial assets at amortised cost

	2020	2019
Trade and other receivables (excluding non-financial assets)	**23,210**	19,459
Amount due from related parties	**71,724**	21,363
Amount due from staff	**304**	427
Cash and cash equivalents	**54,021**	39,032
	149,259	80,281

(ii) Financial liabilities at amortised cost

	2020	2019
Trade and other payables (excluding non-financial liabilities)	**153,476**	89,075

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

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

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

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

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

29. Capital commitments

There were no capital commitments at the end of the year (2019: Nil).

30. Capital risk management

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

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

31.Segment information

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

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

32. Subsequent events

The Country in which the Company operates, Ghana, continued to record COVID-19 infections post December 31, 2020. Measures taken by governments to contain the virus is expected to impact economic activity. The directors and management have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home as and when required). At this stage, the impact of the pandemic and the actions taken by the government to contain it has not significantly affected the Company's ability to continue as a going concern.

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

Financial Highlights

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

	2020	2019	2018	2017
Profit after taxation	514	25,016	12,899	47,297
Earnings per share	0.004	0.22	0.11	0.41
Total number of shares issued	116,207,288	116,207,288	116,207,288	116,207,288
Dividend Per Share	-	-	-	-
Total assets	436,252	375,819	326,402	300,109
Shareholders' fund	260,105	259,591	234,575	221,676
Permanent staff	417	581	469	487
Stock price range (per share):				
High (GH¢)	4.12	8.01	17.80	20.00
Low (GH¢)	1.01	4.12	7.99	11.08

Distribution of Gross Sales

Amounts in GH¢'000	2020	%	2019	%
Revenue (Gross)	428,579	(8)	466,245	9
Revenue (Excluding rebates)	373,578	(12)	424,486	9
Cost of Sales	253,604	(0)	254,210	6
Distribution costs	87,036	(5)	91,309	20
Administrative expenses	32,556	(36)	50,656	(31)
Impairment of financial assets	2,477	38	1,800	(180)
Finance costs	2,069	(25)	2,765	14
Value added tax	31,193	(26)	42,349	45
Tax	285	(98)	13,718	333
Transfer to statement of changes in equity	514	(98)	25,016	94
Other income – (net)	2,369	(76)	10,039	(44)
Finance income	2,594	(48)	4,949	277

Operational results

Amounts in GH¢'000	2020	2019	Change	%Change
Revenue	373,578	424,486	(50,908)	(12)
Cost of Sales	(253,604)	(254,210)	606	(0)
Distribution costs	87,036)	(91,309)	4,273	(5)
Administrative expenses	(32,556)	(50,656)	18,100	(36)
Impairment of financial assets	(2,477)	(1,800)	(677)	38
Finance costs	(2,069)	(2,765)	696	(25)
Finance income	2,594	4,949	(2,355)	(48)
Other income – (net)	2,369	10,039	(7,670)	(76)
Profit before income tax	799	38,734	(37,935)	(98)
Income tax expense	(285)	(13,718)	13,433	(98)
Profit for the year	514	25,016	(24,502)	(98)

Shareholding Distribution

SHAREHOLDING DISTRIBUTION AS AT DECEMBER 31, 2020

The following are the twenty largest shareholders as at December 31, 2020. All shareholders have equal voting right.

No.	Name of shareholder	Number of shares	Percentage (%)
1	Fan Milk International A/S	72,167,813	62.10
2	STD NOMS/Bnymsanv Re Bnysanv Lux/East Spring Invest Sicav – Fis	6,238,324	5.37
3	STD NOMS /BNYM RE Gothic Corp Mutima	2,506,431	2.16
4	SCGN/RBC Investor Services Re Coeli SICAV I -, Frontier Markets Fund	2,089,300	1.8
5	Social Security And National Insurance Trust	1,853,124	1.59
6	SCGN/SSBT For Al Mehwar Com. Inv. Llc – Aejm	1,065,000	0.92
7	STD Noms/Bnym/Gothic HSP Corporation	953,068	0.82
8	SCGN EPACK Investment	948,726	0.82
9	STD Noms/Bnym Re Gothic JBD Llc	920,536	0.79
10	SCGN/JPMB NA Re Blue Clay Pan - African	859,300	0.74
11	SCGN/ Enterprise Life Assurance Policy Holders	801,352	0.69
12	STD Noms/BNYMSANV Re Prudential Africa	731,875	0.63
13	STD Noms/BYNM/ Gothis ERP, Llc	613,965	0.53
14	SCGN/SSB and Trust as Customers for Russell Trust	606,100	0.52
15	HFCN/EDC Ghana Balanced Fund Limited	330,006	0.28
16	Asare James Kwadwo	300,000	0.26
17	STD NOMS/BNYM/ GHI Holdings Mauritius	295,900	0.25
18	Ofori Daniel	288,165	0.25
19	ZGBC/ Cedar Provident Fund	256,263	0.22
20	SCGN/GHANA Medical ASS. Pension Fund	204,510	0.18
	Sub total	94,029,758	80.92
	Others	22,177,530	19.08
	Grand Total	**116,207,288**	**100.00**

Directors' shareholding

Name of director	Number of shares
Ayisi - Okyere Peace	1,288

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

THE MACRO-ECONOMIC ENVIRONMENT

THE MACRO ECONOMIC ENVIRONMENT

The Ghanaian economy, like many economies in the world, was impacted negatively by the COVID-19 pandemic in 2020. The economy was originally estimated to grow by 6.7% in 2020 but ended up growing by 0.2% as at end of quarter three.

The Government had programmed in 2020 to consolidate the gains made in the previous three years to end its first term in office on a sound economic footing. The primary policies outlined in the government economic policy statement focused on the creation of a sound business environment which allows for the economic engagement of all Ghanaians, promoting inclusive growth without compromising fiscal consolidation.

With the outbreak of the COVID-19 pandemic in Ghana in March 2020, the government needed to concentrate its attention in saving the life of the citizenry, thus putting in measures to curb the spread of the virus. Economic activities dropped significantly with the closure of all border entries into the country. Government put in place several mitigating measures in 2020 to alleviate the hardship on the citizenry. Among them were:

- Free electricity for life line domestic users and 50% reduction in tariffs for other domestic and commercial users;
- Free water use for 9 months;
- Distribution of food package to the most vulnerable during the partial lock down in part of the country; and
- Extension of tax returns filing date and tax exemption for frontline health workers.

ECONOMIC INDICATORS

Some economic indicators for year 2020 are indicated below:

GDP Growth

The first two quarters of 2020 recorded 4.9% and -3.2% growth respectively. Average economic growth for January to September 2020 was 0.2%. Provisional GDP growth for 2021 is estimated at 5.0% by government.

Inflation

Headline inflation ended at 10.4% by close of 2020.

Exchange Rates

On year on year basis, the Ghana cedis depreciated by 3.93% against the US Dollar compared to 12.9% in 2019. Against the British Pound, it fell by 7.08% compared to 15.7% in 2019 and to the Euro, the local currency depreciated by 12.07% compared to 11.2% the previous year.

OUTLOOK FOR 2021 AND BEYOND

Growth outlook

Ghana is gradually picking up from the negative effect of the COVID-19 pandemic. For 2021, a projected economic growth of 5.0% was made in government Annual Budget presented in March 2021. The government in its second term, intends to consolidate all the gains made in the first term, thus improving growth in the agriculture, industry and Oil and Gas sectors.

Within the Company, the drive for innovation and renovation activities will continue with improvements in the distribution network. The company has remapped its sales geographical territories with the intention being more agile in its delivery. The company intends to recover growth from the Outdoor Channel while at the same time accelerating growth in the Indoor Channel. These activities are expected to enhance the anticipated growth in the business of your Company.


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Corporate social Responsibility

Activities for 2020

The Company has been engaged in activities related to COVID-19 pandemic to support the government efforts to combat an unprecedent health challenge at national level.

As essential business during the COVID-19, several donations was made to the 'frontliners', milk based nourishing products were donated.

In line with our support to government, the Company initiated a partnership with University of Ghana to develop the local manufacture of sanitizers dedicated to its agents and vendors to ensure they are protected and are contributing to break the chain of contamination.

Ten thousand bottles were distributed to medical centre within the country in phases.

Donation to Health Care Frontliners

- Accra: Greater Accra Regional Hospital and Noguchi Memorial Institute of Medical Research
- Kumasi: Kumasi Centre for Collaborative Research
- Frontline Security Personnel in Accra and Kumasi
- Donation to Muslims Community

As most of the targeted recipient were spending their time in the health facilities, it was relevant they have access to nourishing products to support their efforts in fighting every day to save lives in such a challenging period, with that in focus the Company donated some of its nourishing products to these health facilities.

Social responsibility towards employees

Protecting people during the COVID-19 period has been the key pillar of the Company. A huge campaign on sensitization of all staff at workplace and outside has been developed, led by a Committee chaired by the Managing Director. A Business Continuity Plan was set to ensure staff are safe and are adopting COVID-19 protocols instructed by the Government.

All employees have been educated on use of face masks, social distancing and use of hand sanitizers.

Face masks were imported directly by the Company and distributed to the staff. During the lock down, employees were assisted to work remotely providing them with internet bundles. To manage the social distancing, shifts system was introduced at workplace.

An inhouse Doctor was in regular contact with the HR Team to share updates on the evolution of the pandemic. All affected employees were monitored by the Doctor and the HR department was providing psychological support.

Appropriate medications were given to affected employees including fortification drugs and a hamper of fruits. The testing fees for all employees have been covered by the Company. The company spent about GH¢1.5 million to support employees at the peak of the pandemic.

Health and safety

Members of staff were screened for COVID-19 virus in order to take proactive preventive measures to curb its spread among workers.

In 2020, no fatal accident was recorded at Fan Milk Plc and no fatality recorded relating to COVID-19. Also, no lost time accident was recorded at the company for the whole of 2020, thus achieving and exceeding our target to reduce accidents by half based on 2018 data.

Corporate social Responsibility

Sustainability Report

Sustainability in the Company's scope of operation tells the economic, environmental and social impacts created by our everyday activities to the public at large and most importantly our strategic external and internal stakeholders.

Danone has spread out all over the world with vision of One Planet One Health. The ambition is to build health and environment concerns across the world by recognizing that the health of people and the health of the planet are interconnected.

In 2020, Danone has become "Entreprise à Mission" with a dual mission of Economic and Social Growth.

Multi-Stakeholder Engagement, GRIPE

As most of the targeted recipient were spending their time in the health facilities, it was relevant they have access to nourishing products to support their efforts in fighting every day to save lives in such a challenging period, with that in focus the Company donated some of its nourishing products to these health facilities.

COVID-19 Response

As part of GRIPE's efforts to help mitigate the negative impact of the COVID-19 pandemic on the livelihood of waste pickers who play an integral role in the waste value- chain, donations of food items and water were made to 600 Waste Pickers in Greater Accra Region.

The donation included 600 food packages and 100 bags of sachet water. The food packages included items such as rice, oil, sugar, bread, wheat, biscuits, drinks, sardines among others.

The presentations were made to the Kpone and Biakoye Waste Pickers Association at the Kpone Landfill site, and to the Pure Water Waste Collectors Association team at Odawna. In attendance at these presentations were representatives from GRIPE, including Fan Milk Plc, Food for All Africa and the Waste Pickers Associations.

Waste Collection

Through GRIPE, a total of 1,836 tons of plastic waste has been collected in 2020, representing an increase of 25 times of the collection results in 2019.

Pick-It Sorting Centre

In 2020, the Pick-It Sorting Centre was able to collect 10.6 tons of plastic materials, generating a shared wealth of over GH¢9,240.

The COVID-19 pandemic impacted seriously on the activities at all levels of the value chain. Collection activities by waste pickers were limited and the drop in prices of the materials on the recycling market slowed down the sales (some recyclers having slowed or shut down their activities for a large part of the year).

Following the 2019 audit conclusion and the end of Danone Ecosystem Fund funding, the Pick-It project went through a reboot process, launching a new phase. In October 2020, the new working model was approved by the three main parties: Fan Milk Plc, Environment 360 and Tema Traditional Council, who represent the new Board of the project. The new phase is now led and implemented by our partner Environment360, and activities resumed early 2021.

Collaborating with our stakeholders on environmental topics

Fan Milk Plc and GNASBA (Ghana National Scholarship Beneficiaries Association) have been collaborating for 27 years on Environmental Sanitation Education Campaigns. The goal of this campaign is to sensitize and educate school children in various communities countrywide on proper sanitation, waste segregation and tree planting to protect the environment from deforestation and positively impact behavioural change in schools.

Collaborating with our stakeholders on environmental topics (continued)

In the last 27 years, through GNASBA, over 10,000 Fan Milk branded bins have been distributed across schools nationwide to promote, build, and instil a sense of responsibility of good sanitation in schools. In total, 120 districts in all the 16 regions have benefited from the campaign.

In 2020, due to COVID-19 and the restriction of public gathering, Fan Milk Plc donated close to 200 Fan products for the 27th anniversary of the School Health Environmental Sanitation Education and Afforestation Campaign. The event took place in the Ejisu Municipality (Fumuesa) and was coupled by a community clean-up exercise involving selected schools.

Environmental 2020 performance

Water Stewardship

In 2020, Fan Milk in line with Danone Water Stewardship guidelines, targeted to decrease water intensity in factories. The factory achieved and exceeded its target. Fan Milk in 2020 demonstrated efficient use of water in its production sites, thereby minimizing waste and ensuring sustainability. Fan Milk Plc achieved water footprint index of 2.75 cubic metres/ton; a further reduction of 2.83% compared to 2019. This is mainly due to efficient use of water and optimization of CIP against packing time.

Wastewater Treatment

To achieve 100% compliance with Danone's Clean Water Standards regarding the discharge of wastewater in our facilities, Fan Milk Plc is proud to announce the approval for the construction of a new wastewater treatment plant at the Factory. This will also result in compliance with the local Environmental Protection Agency regulation to ensure the Company's activities are not degrading the watersheds. Construction of WWTP has commenced in 2020 and is 60% complete. This is expected to be commissioned and become fully operational by August 2021.

Carbon Emission

In order to achieve our goal of carbon neutrality by 2050, the first step was to reduce (i) emission intensity by 50% on Danone's full scope (scope 1,2 and 3). (ii) reduce absolute emission by 30% on scope 1 and 2, between 2015 and 2030. Therefore, Fan Milk Plc in partnership with the Danone Nature Body in 2019 undertook a baseline using the Green Track Tool to assess Scope 1, 2 and 3 Emissions of the company. This will serve as a framework for measurement and tracking of carbon emissions to achieve the set target by 2050.


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