Hallmark
Paper Products Plc.

2021
ANNUAL
REPORTS
& ACCOUNTS
FOR THE YEAR
ENDED 31ST DECEMBER

General Information

Country of incorporation and domicile	Nigeria	
Directors	Babatunde T. Bello David O. Adeliyi Simeon A. Akande Kola Olaitan	Chairman Managing Director Director Director
Registered Office	46,Ilogbo Road Sango Ota Ogun State.	
Bankers	First Bank of Nigeria Limited Unity Bank Plc Zenith Bank Plc	
Auditors	Onyema Osueke & Co. Chartered Accountants Independent Member of BOKS International 3rd Floor Shobo House 5 Simpson Street Lagos Island Lagos.	
Registrars	Unity Registrars Limited 25, Ogunlana Drive Surulere Lagos.	
Secretary/LegalAdviser	Saheed Agbelese 11 4/116, Ogba Road Agege Lagos.	
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies and Allied Matters Act 2020.	
Issued	21 June 2022	

General Information

Financial Highlights

	2021	2020
	N	N
Revenue	**234,036,107**	196,194,268
Profit/(Loss) before taxation	**24,040,541**	(82,831,096)
Profit/(Loss) after taxation	**23,834,835**	(82,129,359)
(Loss)/Profit for the year	**23,834,835**	(82,129,359)
At Year End:		
Share Capital	**25,000,000**	25,000,000
Share Holders Funds	**(57,032,381)**	(80,867,215)
Per 50K share data:		
Based on		
Ordinary shares of 50 kobo each:		
Earnings per share (kobo)	**48 kobo**	(164 kobo)
Net assets per share (kobo)	**(114 kobo)**	(162 kobo)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hallmark Paper Products Plc will be held at the Company Premises, 46, Ilogbo Road Ota, Ogun State on Tuesday, September 20th, 2022 at 11.00am to transact the following business.

ORDINARY BUSINESS

1 To receive and consider the Company's Audited financial statements for the year ended December 31st 2021, the reports of the Directors', Auditors' and Audit Committee thereon.

2 To re-elect retiring Director

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

4 To elect members of the Audit Committee.

5 Special Business

Cancellation of Unissued Shares
To consider and if thought fit pass the resolution as an ordinary resolution:

In compliance with Companies and Allied Matters Act (CAMA) 2020 S. 124 and companies Regulation 2021 as it relates to unissued shares, it is resolved that the Directors be and are hereby authorized to take all necessary steps and effect the cancellation of the company's Unissued Shares Capital of 150,000,000 ordinary shares of 50 kobo each within the time frame specified under this law.

NOTES: PROXY

(i) A shareholder of the company who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy needs not be a member of the Company. All proxies should be completed, stamped and be deposited at the office of the Registrars. Unity Registrar Limited, 25, Ogunlana Drive, Surulere Lagos not less than 48 hours before the time of holding the meeting.

(ii) **CLOSURE OF REGISTER OF MEMBERS**
The Register of members and transfer books of the Company will be closed from September 6th, 2022 to September 13th, 2022 to enable the Registrar update the Register of members.

(iii) **AUDIT COMMITTEE**
Pursuant to Section 404 (6) of the Companies and Allied Matters Act 2020, any shareholder may nominate another shareholder as a member of the audit committee by notice of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

E-ANNUAL REPORT

(iv) The electronic Annual Reports and Proxy Form are available at the Registrars website at www.unityregistrarsng.com and company's website www.hallmarkpaperproducts.com

BY ORDER OF THE BOARD

Saheed O. Agbelese
Company Secretary
FRC/2019/NBA/0000001983
Dated August 17th^{t} 2022

CHAIRMAN'S STATEMENT

Distinguished shareholders, members of the Board of Directors, invited guests, esteemed ladies and gentlemen, it gives me great pleasure to welcome you to the Annual General Meeting (AGM) of our Company, Hallmark Paper Products Plc., holding today, the 20th day of September 2022 at the Company's premises at 46, Ilogbo Road, Ota, and to present to you the Annual Report and Financial Statements for the financial year ended 31st December 2021.

On behalf of the Board, I would like to sincerely thank all our customers and stakeholders for your understanding, support, and trust through 2021, which contributed to the commendable results delivered in 2021.

The year 2021 was characterized by a challenging economic environment brought about by macroeconomic headwinds, insecurities, and the aftermath of the COVID-19 pandemic, which had a significant impact on businesses globally. The resilience of Management and staff to ensure the continued existence of the Company, however, enabled the Company to survive the economic headwinds.

Based on the foregoing, it is pertinent to review the economic environment within which our Company operated during the year under review.

MACROECONOMIC AND BUSINESS ENVIRONMENT

In 2021, the world struggled to recover from the devastating impact of the Covid-19 pandemic and restore social and economic balance. The development and adoption of appropriate and effective vaccines led to relaxing of social restriction simposed by Governments, pick-up in economic activities, and the easing of travel restrictions. However, the emergence of the Covid-19 variants and the varying responses across governments awakened severe concerns and impacted negatively on business activities. The intermittent lockdown measures imposed by governments resulted in a slowdown of business operations especially for the manufacturing sector of the economy, which is generally not amenable to online operations.

The economic environment remained a big challenge to business operators as the shocks in oil sector, the driver of foreign exchange earnings needed for raw materials and other necessities for production remained frustrating. The oil sector continued to be clogged by supply-side structural bottlenecks like aging infrastructure, pipeline vandalism, insecurity, crude-oil theft, host community unrest, terminal shut-downs and inability to attract investments for active oil exploration. Oil prices on the other hand were bullish during the year. However, because of the peculiar problems of the Nigerian oil industry, and our enabling environment, the country could not reap appropriate fiscal benefits from the high oil prices.

During the year, the Central Bank of Nigeria (CBN) took an additional step towards foreign exchange rate unification and market determined pricing by adopting the Nigerian Autonomous Foreign Exchange (NAFEX) rate as the official benchmark rate. Not withstanding, the foreign exchange demand/supply gap as well as availability and accessibility difficulties continue to negatively affect economic activities.

Further, the CBN policy restricting raw materials importation to only direct dealings with foreign manufacturers (instead of Paper Merchants/Vendors), posed another challenge to purchase of paper and board related products. Consequently, the Company had to deal with acute shortage of paper, resulting to significant rise in prices by over 250%. Other operational expenses were not spared as costs of diesel, electricity, and consumable items, rose geometrically during the year due to the unfavourable economic conditions.

COMPANY PERFORMANCE

In spite of the negative impact of the pandemic and the general economic challenges faced by the industry, including specific difficulties confronting the Company especially in terms of its ability to obtain funds from financial institutions and the capital market, your Company was able to demonstrate a show of resilience in the year-end financial results.

The Company recorded an increase of 23.88% in turnover from N196,194,268 in 2020 to N243,036,107 in 2021. The sudden rise in cost of raw materials impacted positively on our performance as the opening stock benefited from inflation induced valuation. Profit-Before-Tax stood at N24,040,541 in 2021, compared with the loss of N82,831,095 recorded in 2020 (owing to provisioning for accrued interest on court judgment debt in the ongoing litigation matter involving Unity Bank).

THE BOARD OF DIRECTORS

There were no changes in the composition of the Board of the Company during the period under review.

CANCELLATION OF UNISSUED SHARES
Following the assent of the Companies and Allied Matters Act 2020 (CAMA) into law on August 7, 2020, by President Muhammadu Buhari, implementation by the Corporate Affairs Commission (CAC) commenced on January 1, 2021. One of the notable changes introduced under CAMA 2020 is the abolition of the concept of authorized share capital and replacement of same with the concept of "issued share capital" under which companies are no longer expected to have unissued shares. In view of this development, companies with unissued shares now have until December 31, 2022 to deal with their respective unissued share capital in accordance with the provisions of the law.

Our Company has an Authorized Share Capital of N100,000,000 **divided into 200,000,000 ordinary shares of 50 kobo each, out of which 50,000,000 shares are duly issued and paid up. In other words, the Company has 150,000,000 unissued shares**.

Consequently, at today's Annual General Meeting in compliance with CAMA, a shareholder resolution cancelling the 150,000,000 unissued shares (leaving the Company with an issued share capital of 50,000,000 of 50 kobo each) will be proposed and passed.

FUTURE BUSINESS OUTLOOK
The Company is constrained in executing various strategic initiatives and programs to fast-track the growth and development of the business, due to lack of adequate funding in view of the present circumstances under which the Company operates.

Notwithstanding, the future of the business is promising and encouraging, as the demand for the Company's products (our cartons and related products) keeps gaining more acceptability and approval. With our level of investment in technology, the Company will continue to grow its customer base and sustain the existing ones, while adding new product lines to existing ones.

Regarding the litigation matter involving our Company and Unity Bank, we are committed to diligently prosecuting the matter to its successful conclusion.

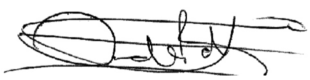
APPRECIATION
In closing, I hereby reiterate the Company's commitment to taking full advantage of opportunities that may present itself in the near future to grow its turnover and enhance its profitability.

On behalf of the Board of Directors, I wish to express our sincere appreciation to the shareholders for your patience and perseverance over the years for the lack of returns on your investment. We are optimistic that the end of this era is in sight and the Company would be in a position to deliver competitive returns to you.

Equally, I would like to appreciate and salute the commitment and resilience of the Managing Director whose resolve to ensure the Company continues as a going concern is unquestionable. I am grateful to our customers for their loyalty, our Management and Staff for their dedication, diligence, and hardwork, and our external stakeholders for their support. We will not let you down and assure you of the Board's commitment to sustaining the highest standards of corporate governance practices now and always.

To my colleagues on the Board, I must commend you for your support, understanding and commitment shown in leading our Company to deliver better returns.

Thank you and God bless.



Babatunde Tajudeen Bello
Chairman

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Hallmark Paper Products Plc for the year ended 31 December 2021.

1. Nature of business

Hallmark Paper Products Plc was incorporated on August 1, 1985 under the name Paper and Educational Products Limited. In1987, the name of the Company was changed to Hallmark Paper Products Limited and subsequently to Hallmark Paper Products Plc upon its conversion from private limited liability company to public limited liability company. The Company is a public limited liability company established under the Companies & Allied Matters Act 2020 and wholly owned by Nigerians. The address of its registered office is 46, Ilogbo Road, Sango Ota, Ogun State and its registered number is RC 74243.It was incorporated to carry on, among others, business of design and printing of specialized business forms and paper corrugated cartons. The Company was admitted into the second tier of securities market of the Nigerian Stock Exchange in 1993 and was elevated to first tier in 1997. The Company was delisted by the Nigerian Stock Exchange in 2011.

The principal activities of the company remained business of manufacturing of papers corrugated cartons and partitions.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act 2020. The accounting policies have been applied consistently compared to the prior year.

The Company made a profit after tax amounting to N23,834,835 for the year ended 31 December 2021. The following is a summary of the Company's operating results for the year ended 31 December 2021.

	2021
	N
Profit before taxation	24,040,541
Tax Expense	(205,706)

Profit after taxation	23,834,835
Retained earnings, beginning of theyear	(156,120,145)

Retained earnings, end of theyear	(132,285,310)
	===========

3. Share capital

The share holding structure of the Company is as follows:

Range			Ordinary Shares of 50 kobo each		
			No. of Holding	No. of Shares	%Holding
1	-	500	2,308	839,150	1.68
501	-	1,000	1,323	1,242,914	2.48
1,001	-	5,000	1,155	2,885,058	5.77
5,001	-	10,000	153	1,340,642	2.68
10,001	-	50,000	107	2,428,650	4.85
50,001	-	100,000	18	1,422,586	2.85
100,001	-	500,000	11	2,653,850	5.31
500,001	-1,000,000		4	4,000,000	8.00
1,000,001	-10,000,000		5	19,404,800	38.81
10,000,001	- Above		1	13,782,350	27.57
			5,085	50,000,000	100

There have been no changes to the authorized or issued share capital during the year under review.

4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the directors may passion the payment of dividends.

Given the current state of the global economic environment, the directors believe that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore, the directors have resolved not to declare a dividend for the financial year ended 31December 2021.

The directors do not recommend the declaration of a dividend for the year.

2. Directorate

The directors in office at the date of this report areas follows:

Directors	Office	Designation
Babatunde T. Bello	Chairman	Non-executive
David O. Adeliyi	Managing Director	Executive
SimeonA. Akande	Director	Non-executive
Kola Olaitan	Director	Non-executive

6. Directors' interests in shares

The following directors were interested in the company's issued shares and those who have held office during the year were as follows:

				Ordinary Shares of 50 Kobo each	
			%	Called-up	Paid-up
D. O. Adeliyi	-	Director	27.57	13,782,350	13,782,350
S. A. Akande	-	Director	2.00	1,000,000	1,000,000
B. T. Bello	-	Chairman	0.02	10,000	10,000
H. M. K. Olaitan	-	Director	0.20	100,000	100,000
			29.79	14,892,350	14,892,350

The register of interests of directors and others in shares of the company is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

7. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

8. Property, plant and equipment

Information relating to property, plant and equipment is disclosed in Note 3 to the financial statements. According to the directors, no item of property, plant and equipment was impaired as at 31December 2021.

9. Charitable Gifts
The Company did not make any gifts and donations to charitable institutions and organizations during the year ended December 31, 202.

In accordance with Section 38 (2) of the Companies and Allied Matters Act 2020 CAP C20 LFN 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

10. Employment of Disabled Persons
The Company has no disabled persons in its employment. However, applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

11. Employee Consultation and Training
The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company.

12. Health Safety and Welfare at Work
The Company places a high premium on the health, safety and welfare of its employees in their place of work. In order to protect staff and other persons against risk to health and safety hazards arising out of or in connection with the Company's activities, the Company has taken various forms of insurance policies, including employees' compensation insurance, to adequately secure and protect its employees.

13. Events after the reporting period
The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

DIRECTORS' REPORT

14. Going Concern

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

As stated in note 26 to the financial statements, the Company had an accumulated losses of N132,285,310 and a negative net assets of N57,032,381 as at December 31, 2021. Also, the Company has defaulted in meeting its loans obligation from Unity Bank Plc and is currently in litigation with the Bank. The Company's estimated debt due to the Bank was put at N175,159,703 where as the Bank claimed that a total of N447,316,113 was due from the Company. The Company had however disputed

The Bank's claim. The continued operation of the Company depends on the financial support of its lenders, related companies and the directors. However, the Directors believe that the Company will continue to enjoy the financial support of its lenders in the year ahead. Consequently, these financial statements have been prepared in accordance with the basis of accounting principles applicable to a going concern.

15. Litigation Statement

The company becomes involved from time to time in various claims and law suits incidental to the ordinary course of business. The Company has defaulted in meeting its loans obligation from Unity Bank Plc and is currently in litigation with the Bank.

Save as recorded above, the directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened hat may have a material effect on the financial position of t he company.

16. Secretary

The company secretary isSaheedAgbelese114/116 Ogba Road Agege Lagos.

17. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- There is so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- The person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

18. Auditors

The Auditors, Messrs Onyema Osueke & co have indicated their willingness to continue in office as auditor s in accordance with Section 401 (2) of the Companies and Allied Matters Act 2020.

19. Date of authorization for issue of financial statements

The financial statements have been authorized for issue by the directors on Tuesday, 21 June 2022 No authority was given to anyone to amend the financial statements after the date of issue.

20. Acknowledgements

Thanks and appreciation are extended to all of our shareholders, staff, suppliers and consumers for their continued support of the company.

By Order of the Board

Saheed Agbelese FRC/2019/NBA/0000001983
Company Secretary
Tuesday, 21 June 2022

Audit Committee Report

1. Members of the Audit Committee

In accordance with Section 404 (7) of the Companies and Allied Matters Act 2020, the members of the Statutory Audit Committee of Hallmark Paper Products Plc, which consist of the following members, hereby report as follows:

Alhaji Muiz Abiola Kareem	Chairman, Statutory Audit Committee
Alhaji Jimoh K.Balogun	Member
Mr. Solomon Bayo Egbeleye FCA	Member
Mr. Simeon Akande	Member
Mr. Kola Olaitan	Member

The members of the audit committee consist of three (3) shareholders and two (2) non-executive directors of the company. The committee is satisfied that the members thereof have the required knowledge and experience as set out in the Companies and Allied Matters Act 2020.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by the Companies and Allied Matters Act 2020 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

3. External auditor

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies and Allied Matters Act 2020 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies and Allied Matters Act 2020 that internal governance processes within the firm support and demonstrate the claim to in dependence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Financial statements

We confirm that:

The accounting and reporting policies of the Company are in accordance with legal and regulatory requirements as well as agreed ethical practices;

We reviewed the scope and planning of audit requirements and found them adequate;

We reviewed the findings on the management letter prepared by the external auditors and found management responses to the findings satisfactory;

The accounting and internal controls system is constantly and effectively being monitored through an effective internal audit function;

We made recommendations to the Board on there-appointment and remuneration of the external auditors and also reviewed the provision made in the Financial Statements for the remuneration of the external auditors; and

We considered that the external auditors are independent and qualified to perform their duties effectively.

The Committee therefore recommends that the Audited Financial Statements for the year ended 31st December, 2021 and the External Auditors' report thereon be presented for adoption at the Annual General Meeting.

Alhaji Muiz Abiola Kareem
Chairman, Statutory Audit Committee

Directors' Responsibilities and Approval

The directors are required in terms of the Companies and Allied Matters Act 2020 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of frisk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented onpages13 to 15

The financial statements set out on pages 13 to 52, which have been prepared on the going concern basis, were approved by the directorson21June2022and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

Babatunde T. Bello	**David O. Adeliyi**
FRC/2016/NIM/00000014632	FRC/2016/ICAN/00000014580
Chairman	Managing Director
21 June 2022	21 June 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Hallmark Paper Products Plc

Report on the Audit of the Financial Statements

Qualified Opinion
We have audited the financial statements of Hallmark Paper Products Plc set out on pages 16 to 51, which comprise the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Hallmark Paper Products Plc as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied MattersAct 2020.

Basis for Qualified Opinion
As stated in note 26 to the financial statements, the company had an accumulated losses of N132,285,310 and a negative net asset of N57,032,381 as at December 31, 2021. Also, the company has defaulted in meeting its loans obligation from Unity Bank Plc and is currently in litigation with the Bank. The company's estimated debt due to the Bank was put at N175,159,703 whereas the Bank claimed that a total of N447,316,113 was due from the company. The company had however disputed the Bank's claim. The continued operation of the company depends on the financial support of its lenders, related companies and the directors. However, the Directors believe that the company will continue to enjoy the financial support of its lender sin they ear ahead. Consequently, these financial statements have been prepared in accordance with the basis of accounting principles applicable to a going concern.

Also, the company did not comply with the requirements of the Financial Reporting Council of Nigeria Act 2011 which requires registration of the company and filing of the annual audited financial statements of the company with the Financial Reporting Council of Nigeria. The company has also not been able to comply with the requirements of the Nigerian Code of Corporate Governance 2018.

We conducted our audit in accordance with International Standards onAuditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 26 to the financial statements, which indicates that the company had accumulated losses of N132,285,310 as at the year ended 31 December 2021 and, as of that date, the company had a negative net assets N57,032,381. Also, the Company has defaulted in meeting its loans obligation from Unity Bank Plc and is currently in litigation with the Bank. The Company's estimated debt due to the Bank was put at N175,159,703 where as the Bank claimed that a total of N447,316,113 was due from the Company. The Company had however disputed the Bank's claim. The note states that these events or conditions, along with other matters as set forth in Note 26 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion has been modified to reflect this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current year. We have not identified any key audit matter that requires inclusion in the financial statements.

INDEPENDENT AUDITORS' REPORT

Other Information
The Directors are responsible for the other information. Other information comprises information included in the Corporate Information, the Financial Highlights, Audit Committee's Report and the Report of the Directors but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act 2020, 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.

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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 over ride 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.

General Information

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.

Obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the annual financial statements. We are responsible for the direction, supervision and performance of the audit. Were main solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act 2020

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

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.

The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Hope Osueke, FCA
FRC/2013/ICAN/00000002306
For: **Onyema Osueke & Co.**
Lagos, Nigeria.
21June2022

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0617652

Statement of Financial Position as at 31 December 2021

Figures in Naira	Note(s)	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	3	158,210,730	163,793,016
Deferred tax	4	13,229,381	11,545,545
Total non-current assets		**171,440,111**	**175,338,561**
Current AssetsInventor ies	6	80,150,826	43,511,183
Trade and other receivables	5	28,470,853	27,075,941
Cashandcashequivalents	7	5,109,261	4,024,999
Total current assets		**113,730,940**	**74,612,123**
Total Assets		**285,171,051**	**249,950,684**
Equityand Liabilities			
Liabilities			
Non-Current Liabilities Loans & Borrowings	8	80,700,000	90,700,000
Current Liabilities			
Trade and other payables	9	84,454,187	76,940,920
Loans & Borrowings	8	175,159,703	162,196,008
Current tax payable	10	1,889,542	980,971
Total current liabilities		**261,503,432**	**240,117,899**
Total Liabilities		**342,203,432**	**330,817,899**
Equity			
Sharecapital	11	25,000,000	25,000,000
Revaluation Reserves	12	50,252,929	50,252,929
Retained Earnings		(132,285,310)	(156,120,144)
Total Equity		**(57,032,381)**	**(80,867,215)**
Total Equityand Liabilities		**285,171,051**	**249,950,684**

The financial statements, the notes on pages 20 to 50 and non-IFRS statements on pages 51 to 52 were approved by the directors on the 21 June 2022 and were signed on its behalf by:

Chairman
Babatunde T. Bello, FRC/2016/NIM/00000014632

Managing Director
David O. Adeliyi, FRC/2016/ICAN/00000014580

Financial Officer
Akangbe Lawal, FRC/2016/ICAN/00000014584

The accounting policies on pages 20 to 32 and the notes on pages 33 to 50 form an integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

Figures in Naira	Note(s)	2021	2020
Revenue	14	243,036,107	196,194,268
Cost of sales	15	(160,240,701)	(163,020,880)
Gross profit		**82,795,406**	**33,173,388**
Other operating income	16	12,781,737	6,413,260
Sales & Distribution Expenses	17	(7,603,323)	(4,800,539)
Administrative Expenses	18	(38,269,588)	(31,554,490)
Operating profit	19	**49,704,232**	**3,231,619**
Finance costs	20	(25,663,691)	(86,062,714)
Profit (loss) before taxation		**24,040,541**	**(82,831,095)**
Taxation	21	(205,706)	701,737
Profit (loss) for the year		**23,834,835**	**(82,129,358)**
Items that will not be reclassified to profit or loss:			
		-	-
Items that may be reclassified to profit or loss:			
		-	-
Total comprehensive income (loss) for the year		**23,834,835**	**(82,129,358)**
Earnings per			
Share Per share information			
	24	0.48	(1.64)
Basic earnings (loss) per share(c)			

The accounting policies on pages 20 to 32 and the notes on pages 33 to 50 for man integral part of the financial statements.

Statement of Changes in Equity

FiguresinNaira	Share capital	Revaluation reserve	Retained Earnings	Total equity
Opening balance as previously reported	25,000,000	50,252,929	(73,990,786)	1,262,143
Adjustment	-	-	-	-
Balance at 1 January 2020 as restated	**25,000,000**	**50,252,929**	**(73,990,786)**	**1,262,143**
Loss for the year	-	-	(82,129,358)	(82,129,358)
Other comprehensive come	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**(82,129,358)**	**(82,129,358)**
Issue of shares	-	-	-	-
Total contributions by and distributions to owners Of company recognised directly in equity	**-**	**-**	**-**	**-**
Opening balance as previously reported	25,000,000	50,252,929	(156,120,145)	(80,867,216)
Adjustment	-	-	-	-
Balance at 1 January 2021 as restated	**25,000,000**	**50,252,929**	**(156,120,145)**	**(80,867,216)**
Profit for the year	-	-	23,834,835	23,834,835
Total comprehensive income for the year	**-**	**-**	**23,834,835**	**23,834,835**
Issue of shares	-	-	-	-
Total contributions by and distributions to owners of company recognized directly in equity	**-**	**-**	**-**	**-**
Balance at 31 December 2021	**25,000,000**	**50,252,929**	**(132,285,310)**	**(57,032,381)**
Note(s)	11	12		

The accounting policies on pages 20 to 32 and the notes on pages 33 to 50 for man integral part of the financial statements.

Statement of Cash Flows

Figures in Naira	Note(s)	2021	2020
Cash flows from operating activities			
Profit/(loss) before taxation		24,040,541	(82,831,095)
Adjustments for:			
Depreciation and amortization		5,612,787	5,609,026
Finance costs		25,663,691	86,062,714
Changes in working capital:			
Inventories		(36,639,643)	(1,441,270)
Trade and other receivables		(1,394,912)	8,793,104
Trade and other payables		7,513,266	(19,078,136)
Cash generated/(used) in operations		**24,795,730**	**(2,885,657)**
Taxpaid		(980,971)	(689,314)
Net cash from operating activities		**23,814,759**	**(3,574,971)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(30,500)	(8,537,466)
Net cash flow from investing activities		**(30,500)**	**(8,537,466)**
Cash flows from financing activities			
Loans & borrowings		2,963,695	151,002,718
Transfer from deposit for shares to loans		-	(51,700,000)
Interest payments		(25,663,691)	(86,062,714)
Net cash from financing activities		**(22,699,996)**	**13,240,004**
Total cash movement for the year		**1,084,263**	**1,127,567**
Cash at the beginning of the year		4,024,999	2,897,432
Total cash at end of the year	7	**5,109,262**	**4,024,999**

The accounting policies on pages 20 to 32 and the notes on pages 33 to 50 for man integral part of the financial statements.

Accounting Policies

Corporate information

Hallmark Paper Products Plc was incorporated on August 1, 1985 under the name Paper and Educational Products Limited. In1987, the name of the Company was changed to Hallmark Paper Products Limited and subsequently to Hallmark Paper Products Plc upon its conversion from private limited liability company to public limited liability company. The Company is a public limited liability company established under the Companies& Allied MattersAct 2020 and wholly owned by Nigerians. The address of its registered office is 46, Ilogbo Road, Sango Ota, Ogun State and its registered number is RC 74243.It was incorporated to carry on, among others, business of design and printing of specialized business forms and paper corrugated cartons. The Company was admitted into the second tier of securities market of the Nigerian Stock Exchange in 1993 and was elevated to first tier in 1997. The Company was delisted by the Nigerian Stock Exchange in 2011.

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies and Allied Matters Act 2020.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Naira, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognized as an asset 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalization of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the company is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalized if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Accounting Policies

1.2 Property, plant and equipment (continued)

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Property, plant and equipment is subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the evaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognized in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognized in profit or loss to the extent that it reverses are valuation decrease of the same asset previously recognized in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognized in profit or loss in the current year. The decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained in come when the asset is derecognized.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset, net of deferred tax.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognized.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land & buildings	Straight line	2%
Plant and machinery	Straight line	10%
Motor vehicles	Straight line	20%
Office equipment	Straight line	12.5%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognized in profit or loss unless it is included in the carrying amount of another asset.

Accounting Policies

1.2 Property, plant and equipment (continued)

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognized immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognized.

1.3 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is no available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows);or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flow sand selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortized cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting is match; the liability forms part of a group of financial instruments manage don a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated sat fair value through profit or loss).

Note: Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Accounting Policies

1.3 Financial instruments (continued) Trade and other receivables Classification
Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortized cost (note5).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognized when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, If any.

They are subsequently measured at amortized cost.

The amortised cost Is the amount recognized on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost be before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Naira equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in sales &distribution expenses (note 17).

Details of foreign currency risk exposure and the management there of are provided in the trade and other receivables (note 5).

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is update date ach reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

Accounting Policies

1.3 Financial instruments (continued)

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix Is presented in note5.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in administrative expenses in profit or loss as a movement in credit loss allowance (note19).

Write off policy

The company writes off a receivable when there is information indicating that the counter party is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counter party has been placed under liquidation or has entered in to bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 5) and the financial instruments and risk management note (note 28).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to de-recognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Accounting Policies

1.3 Financial instruments (continued)

Borrowings and loans from related parties

Classification
Loans from the shareholders (if any) and borrowings (note8) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognized when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at a mortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 20.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note for details of risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Naira equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognized in profit or loss in the sales & distribution expenses (note 17).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 28).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Accounting Policies

1.3 Financial instruments (continued) Trade and other payables Classification

Trade and other payables (note9), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognized when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 20).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. .Refer to note for details of risk exposure and management there of.

Trade and other payables denominated info reign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Naira equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognized in profit or loss in the sales & distribution expenses (note 17).

Details of foreign currency risk exposure and the management there of are provided in the note (note 9).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Accounting Policies

1.3 Financial instruments (continued) Derecognition
Financial assets

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transfer red asset, the company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities

The company derecognizes financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable, including any non-cash assets transfer red or liabilities assumed, is recognised in profit or loss.

Reclassification Financial assets
The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

There classification date is the beginning of the first reporting period following the change in business model which necessitates are classification.

Financial liabilities

Financial liabilities are not reclassified.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.4 Tax (continued)

Tax expenses
Current and deferred taxes are recognized as in come or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

A transaction or event which is recognised, in the same or a different period, to other comprehensive in come, or

A business combination.

Current tax and deferred taxes are charged or credited to other comprehensive in come if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive in come.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Leases

The company assesses whether a contract is, or contains a lease, at the in caption of the contract.

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgment, the relevant disclosures are provided in the significant judgments and sources of estimate ion uncertainty section of these accounting policies.

1.6 Inventories

Inventories are measured at the lower of cost and net realizable value.

Inventories are measured at the lower of cost and net realizable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realisable value and all losses of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories includes a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy. The company uses its accumulated historical experience to estimate the number of returns on a portfolio even using the expected value method. Acorresponding adjust mentis recognised against cost of sales.

Accounting Policies

1.4 Impairment of assets

The company assesses at each end of the reporting period whether here is any indication that an asset maybe impaired. If any such indication exists, the company estimates there cover able amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- Tests good will acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of are valued asset is treated as are valuation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than good will may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the asset so fan entity after deducting all of its liabilities. Equity instruments are contracts that give a residual interest in the net assets of the Company. Ordinary share are classified as equity when there is no obligation to transfer cash and other assets. Equity instruments are recognized at the amount of proceeds receives net of incremental costs directly attributable to the transaction. To the extent those proceeds exceed the par value of the shares issued they are credited to a share premium account. However, the Company did not have share premium for the years ended 31st December, 2021 and 2020 respectively.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as' share premium' in equity. Dividends are recognized as a liability in the company in which they are declared.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Accounting Policies

1.9 Employee benefits (continued) Defined contribution plans

Payments to defined contribution retirement benefit plans a recharged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined sing the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits a real ready vested, and are other wise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognized actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor),that portion is recognized in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

However, the company does not operate defined benefits plan.

1.10 Provisions and contingencies

Provisions are recognised when:

the company has a present obligation as a result of a past event;

it Is probable that an outflow of resources embodying economic benefits will be required to settle he obligation; and

are liable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, there imbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognized for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

has a detailed formal plan for the restructuring, identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

has raised a valid expectation in those affected that it will carry out the structuring by starting to implement that plan or announcing its main features to those affected by it.

Accounting Policies

1.10 Provisions and contingencies(continued)

After their initial recognition contingent liabilities recognized in business combinations that are recognised separately are subsequently measured at the higher of:

The amount that would be recognized as a provision; and
The amount initially recognized less cumulative amortisation.

1.11 Revenue from contracts with customers

The Company is into manufacturing, marketing and distribution of paper products and cartons. Sales are recognized when control of the products has been transferred, being when the products are delivered to the customer. Sales occur when the products are delivered in accordance with the sales contract, or the company has objective evidence that all criteria for acceptance have been satisfied.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognizes revenue when it transfers control of a product or service to a customer.

1.12 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

The related cost of providing services recognized as revenue in the current period is included in cost of sales.

Contract costs comprise:

Costs that relate directly to the specific contract;
Costs that are attributable to contract activity in general and can be allocated to the contract; and
such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognized in inventory as a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalization is determined as follows:

Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalized do not exceed the total borrowing costs incurred.

The capitalization of borrowing costs commences when:

expenditures for the asset have occurred;
borrowing costs have been incurred, and
activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization is suspended during extended periods in which active development is interrupted.

Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

Accounting Policies

1.14 Translation of foreign currencies Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Naira, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

Foreign currency monetary items are translated using the closing rate;
non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognized the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognized to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognized to other comprehensive in come and accumulated in equity. When a gain or loss on an on-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Nairas by applying to the foreign currency amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.

1.15 Related Parties

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operation decisions. Key Management Personnel are also regarded as related parties. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all Executive and Non-Executive Directors. Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

1.16 Earnings Per Share

The company presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are calculated using fully diluted shares outstanding (i.e. including the impact of stock option grants and convertible bonds).

Accounting Policies

Figures in Naira	2021	2020

2. Segmental information

The company has identified year report able segments which represent the structure used by the directors to make key operating decisions and assess performance.

The company's report able segments are operating segments which are differentiated by the activities that each undertake, products they manufacture and markets they operate in.

3. Property, Plant and Equipment

Reconciliation of property, plant and equipment-Company

	Land & Buildings	Plant and machinery	Motor vehicles	Office equipment	Total
Cost					
At 1 January 2020	157,834,139	57,450,906	10,463,500	5,075,875	230,824,420
Additions	-	8,507,466	-	30,000	8,537,466
At 31 December 2020	**157,834,139**	**65,958,372**	**10,463,500**	**5,105,875**	**239,361,886**
Additions	-	-	-	30,500	30,500
Disposals and scrappings	-	-	(3,013,500)	-	(3,013,500)
At 31 December 2021	**157,834,139**	**65,958,372**	**7,450,000**	**5,136,375**	**236,378,886**
Depreciation and impairment					
At 1 January 2020	(12,424,555)	(45,446,942)	(7,743,500)	(4,344,847)	(69,959,844)
Depreciation	(3,156,683)	(1,667,284)	(680,000)	(105,059)	(5,609,026)
At 31 December 2020	**(15,581,238)**	**(47,114,226)**	**(8,423,500)**	**(4,449,906)**	**(75,568,870)**
Disposals	-	-	3,013,500	-	3,013,500
Depreciation	(3,156,682)	(1,667,285)	(680,000)	(108,819)	(5,612,786)
At 31 December 2021	**(18,737,920)**	**(48,781,511)**	**(6,090,000)**	**(4,558,725)**	**(78,168,156)**
Carrying amount					
Cost	157,834,139	65,958,372	10,463,500	5,105,875	239,361,886
Accumulated depreciation and impairment	(15,581,238)	(47,114,226)	(8,423,500)	(4,449,906)	(75,568,870)
At 31 December 2020	**142,252,901**	**18,844,146**	**2,040,000**	**655,969**	**163,793,016**
Cost	157,834,139	65,958,372	7,450,000	5,136,375	236,378,886
Accumulated depreciation and impairment	(18,737,920)	(48,781,511)	(6,090,000)	(4,558,725)	(78,168,156)
At 31 December 2021	**139,096,219**	**17,176,861**	**1,360,000**	**577,650**	**158,210,730**

As at 31 December 2021, there was no indication of impairment of any of the items of property, plant and equipment. Hence, no provision was made for impairment losses. All the items of property, plant and equipment have been carried at their historical costs or deemed cost less accumulated depreciation as at 31 December 2021.

Notes to the Financial Statements

Figures in Naira	2021	2020

4. Deferred tax

Deferred tax

Deferred tax	13,229,381	11,545,545

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, And the law allows net settlement. Therefore, they have been off set in the statement of financial position as follows:

Deferred tax	13,229,381	11,545,545

Reconciliation of deferred tax asset/(liability)

Deferred tax at beginning of year	11,545,545	9,862,837
Deferred Tax Credit for the year	1,683,836	1,682,708
Deferred tax asset attend of year	**13,229,381**	**11,545,545**

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- The utilisation of the deferred tax asset is dependent on future tax able profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- The entity has suffered loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

5. Trade and other receivables

Financial instruments:		
Trade receivables	32,346,437	31,820,183
Loss allowance	(3,945,584)	(4,814,242)
Trade receivables at amortized cost	28,400,853	27,005,941
Staff Loans & Advances	70,000	70,000
Total trade and other receivables	**28,470,853**	**27,075,941**

Split between non-current and current portions

Current assets	28,470,853	27,075,941

Financial instrument and non-financial instrument components of trade and other receivables

At amortized cost	28,470,853	27,075,941

Trade and other receivables pledged as security

Trade and other receivables were not pledged as security.

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

Notes to the Financial Statements

Figures in Naira	2021	2020

5. Trade and other receivables (continued)

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with cons is tent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for credit worthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the credit worthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2021	2021	2020	2020
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Less than 30 days past due:0.10%(2020:0.35%)	8,804,218	(12,325)	10,006,027	(34,847)
31-60 days past due:5%(2020:8.7%)	8,860,750	(443,038)	10,049,896	(874,928)
61 - 90 days past due: 10% (20xx: X%)	8,750,983	(875,098)	7,078,004	(1,031,161)
91 - 120 days past due: 30% (20xx: X%)	1,750,600	(525,180)	227,274	(384,267)
More than 120 days past due: 50% (20xx: X%)	4,179,886	(2,089,943)	4,458,982	(2,489,038)
Total	**32,346,437**	**(3,945,584)**	**31,820,183**	**(4,814,241)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

Opening balance	**(4,814,242)**	**(1,296,267)**
Amounts recovered	868,657	-
Provision raised on new trade receivables	-	(3,517,974)
Closing balance	**(3,945,585)**	**(4,814,241)**

Exposure to currency risk

The net carrying amounts, in Naira, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Naira by converting the foreign currency amount at the closing rate at the reporting ate.

Naira Amount		
Naira	28,470,853	27,075,941

Forward exchange contracts

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

Notes to the Financial Statements

Figures in Naira	2021	2020

5. Inventories

Raw materials, components	74,593,884	41,120,727
Work in progress	5,350,442	1,901,636
Spare Parts	206,500	488,820
	80,150,826	**43,511,183**

Inventory pledged as security

Inventory was not pledged as security for any facility.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	231,100	346,540
Bank balances	4,878,161	3,678,459
	5,109,261	**4,024,999**

For the purposes of the statement of cash flows, cash and cash equivalents include cash at hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position (as shown above).

Exposure to currency risk

Naira amount		
Naira	4,878,161	3,678,459

Notes to the Financial Statements

Figures in Naira	2021	2020

8. Loans and Borrowings

Loans & Overdraft Facility from Unity Bank Plc	175,159,703	162,196,008

The Unity Bank facilities (i.e the Overdraft and the Loan from Unity Bank) are secured by fixed charges on the Company's Property, Plant & Equipment. The Company is having financial difficulty in repaying the facilities and the interest there on. The Company is currently in litigation with Unity Bank regarding the facilities.

Loan from Davolad	14,000,000	14,000,000

Davolad is a related company. The loan from Davolad is provided at 12% rate per annum with no fixed repayment period. The loan shall be repaid when the Company is liquid to do so.

Loan from Three Circles Investment& Security Limited	15,000,000	25,000,000

Three Circles Investment & Security Limited is also a related company. The loan from Three Circles Investment & Security Limited is provided at 23% rate per annum. It was agreed that the loan should be repaid with a year with no specific or fixed repayment amount.

Deposit for Shares Converted to Loan	51,700,000	51,700,000

Deposit for shares was recognized initially at fair value and has not been re-measured. It bears interest of 10% per annum. Settlement of the deposit for shares can be made either in shares issued to the provider or in cash repayment when the Company is liquid enough to do so, at the option of the Company.

The deposit for shares was converted to loan in the year 2020.

	255,859,703	**252,896,008**

Split between non-current and current portions

Non-current liabilities	80,700,000	90,700,000
Current liabilities	175,159,703	162,196,008
	255,859,703	**252,896,008**

Loans and Borrowings are analyzed into Short and Long Term liabilities based on the time the repayment obligation falls due.

Exposure to liquidity risk

Refer to note on financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to currency risk

Naira amount

Naira	**255,859,703**	**252,896,008**

Notes to the Financial Statements

Figures in Naira	2021	2020

9. Trade and other payables

Trade payables	26,539,157	22,098,408
Directors' Current Accounts	18,575,060	13,225,060
Pension Payable	281,040	160,000
Accrued Expense	537,500	6,074,388
Interest Payable	31,115,096	28,838,796
Other Payables	5,978,200	6,032,771
Sales Discount Payable	1,428,134	511,497
	84,454,187	**76,940,920**

Financial instrument and non-financial instrument component of trade and other payables

At amortised cost	83,026,054	76,429,425
Non-financial instruments	1,428,134	511,497
	84,454,188	**76,940,922**

Exposure to currency risk

The net carrying amounts in Naira, of trade and other payables excluding non-financial instruments are denominated in the following currencies...The amounts have been presented in Naira by converting the foreign currency amount at the closing rate at the reporting date.

Naira Amount		
Naira	83,026,054	76,429,425

Forward exchange contracts

Exposure to liquidity risk

Refer to note Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

10.CurrentTax Payable

Current Tax Liability	**2021**	**2020**
Current Tax Liabilities as at 1st January	980,971	689,315
Current Tax Expense for the Year	1,889,542	980,971
	2,870,513	1,670,286
Payment of Tax in the Year	(980,971)	(689,315)
Current Tax Liabilities as at 31st December	**1,889,542**	**980,971**

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Ac t2020 ,Education Tax Act 2020, and Capital Gains Tax Act 2020.

Notes to the Financial Statements

Figures in Naira	2021	2020

11. Share capital

Issued		
50,000,000 Ordinary Shares of 50k each	25,000,000	25,000,000
Paid Up:		
50,000,000 Ordinary Shares of 50k each	25,000,000	25,000,000

12.Revaluation reserve

Balance as at December 31,	50,252,929	50,252,929

13.Retained Earnings

	2021	**2020**
Opening Balance	(156,120,145)	(73,990,786)
Profit/ (Loss) for the year	23,834,835	(82,129,359)
Closing Balance	**(132,285,310)**	**(156,120,145)**

14. Revenue

Total Revenue	243,036,107	196,194,268

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Total Revenue		
Corrugated Carton	215,451,385	180,850,410
Rubber Stereo	2,245,000	2,248,000
Partition/Tray	25,339,722	13,058,858
Impression	-	37,000
	243,036,107	**196,194,268**

Timing of revenue recognition

At a point in time		
Sale of goods	243,036,107	196,194,268

15.Cost of sales

Total Costs	160,240,701	163,020,880

Total Costs		
Raw Materials	132,663,381	138,057,854
Production Overhead	21,069,383	19,536,101
Other Costs	6,507,937	5,426,925
	160,240,701	**163,020,880**

Notes to the Financial Statements

Figures in Naira	2021	2020

16. Other Operating Income

Waste & Tears Off	3,187,973	2,649,300
Liabilities No Longer Required	9,343,764	3,763,960
Profit on Disposal of Assets	250,000	-
	12,781,737	**6,413,260**

17. Sales & Distribution Expenses

Sales & Distribution Expenses		
Delivery & Loading	214,700	285,800
Diesel	1,224,685	1,160,700
Insurance	-	7,500
Registration Fee	101,500	40,000
Repair & Maintenance	2,503,400	1,291,150
Sales Commission	388,305	516,677
Sales Personnel Costs	2,069,833	1,205,612
Telephone& Postages	23,500	23,000
Transport	132,000	270,100
Other	945,400	-
	7,603,323	**4,800,539**

Total Sales & Distribution Expenses	(7,603,323)	(4,800,539)

Notes to the Financial Statements

Figures in Naira		2021	2020

18. Operating expenses

Advertising		124,110	-
Auditors remuneration - external auditors	19	537,500	322,500
Bad debts		15,000	-
Bank charges		243,101	323,229
Computer expenses		310,200	426,700
Balance Written Off		416,038	301,326
Office Consumables		378,600	375,150
Depreciation		5,612,787	5,609,026
Employee costs		20,194,432	13,970,059
Entertainment		55,900	71,355
Annual Meeting (AGM)		673,000	947,525
Directors' Sitting Allowance		340,000	415,500
Sundry		1,410,880	28,000
Registration Fees		63,500	47,500
License, Renewal, Rates & Other Levies		124,250	221,168
Provision for Bad Debts - Specific		-	3,517,974
Fines and penalties		453,260	-
Insurance		985,817	985,817
Fuel, Lubricants & Diesel		932,150	875,500
Electricity expenses		634,600	217,850
Printing and stationery		217,000	333,703
Repairs and maintenance		1,031,100	646,200
Legal, Secretarial & Professional fees		311,913	705,338
Security		1,080,000	546,000
Publications & Subscriptions		244,150	-
Telephone and Postages		541,000	367,020
Transport and Travelling		1,339,300	300,050
		38,269,588	**31,554,490**

19. Operating Profit (Loss)

Operating profit for the year is stated after charging(crediting) the following, amongst others:

Auditor's remuneration - external		
Audit fees	537,500	322,500
Remuneration, other than to employees		
Consulting and professional services	416,038	301,326
Secretarial services	311,913	705,338
	727,951	**1,006,664**

Employee costs

Salaries, wages, bonuses and other benefits	17,257,576	11,262,707
Staff Entitlement	60,000	106,887
Nigeria Social Insurance Trust Fund	590,026	110,357
Pension Fund Contribution	2,222,330	2,313,728
Medicals	64,500	176,380
Total employee costs	**20,194,432**	**13,970,059**

The table shows the number of employees (excluding directors) whose earnings during the year fell within the ranges shown below:

Notes to the Financial Statements

Figures in Naira	2021	2020
19. Operating profit (loss) (continued)		
N0 - N500,000	21	21
N500,001 - N1,000,000	2	2
N1,000,001 and above	2	2
	25	**25**
Depreciation and amortisation		
Depreciation of property, plant and equipment	5,612,787	5,609,026
20. Finance costs		
Interest on Loans and Borrowings	25,663,691	86,062,714
21. Tax Expense		
Major components of the tax expense		
Current		
Income Tax Expense	1,279,089	980,971
Education Tax Expense	610,453	-
	1,889,542	**980,971**
Deferred Tax Expense		
Originating and reversing temporary differences	(1,683,836)	(1,682,708)
	205,706	**(701,737)**
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	24,040,541	(82,831,095)
Income tax at applicable tax rate of 30% (2020: 30%)	7,212,162	(24,849,329)
Tax effect of adjustments on taxable income		
Education tax rate at applicable tax rate of 2% (2020: 2%)	480,810	(1,656,622)
Effect of expenses not allow able in determining income tax	260,789	90,398
Effect of expenses not allowable in determining education tax	129,642	118,207
Effect of minimum tax	1,279,089	980,971
Tax losses carried forward	-	24,614,638
Effect of loss relief in the year	(9,156,786)	-
	205,706	**(701,737)**
22. Employee costs		
Employee costs		
Salaries & Wages	15,617,184	10,370,363
Bonus	1,640,392	892,344
Staff Entitlement	60,000	106,887
Nigeria Social Insurance Trust Fund	590,026	110,357
Pension Fund contribution	2,286,830	2,490,108
	20,194,432	**13,970,059**

Notes to the Financial Statements

Figures in Naira	2021	2020

22. Employee costs (continued) Director Remuneration

Remuneration (excluding pension contribution) for the directors of the Company included in salaries and wages and charged to statement of profit or loss areas follows:

	2021	2020
Non-Executive	1,750,000	-
Executive	7,200,000	3,600,000
	8,950,000	**3,600,000**

The directors' remuneration shown above includes:

Chairman Remuneration	750,000	-
Highest paid Director	7,200,000	3,600,000

23. Depreciation, amortisation and impairment losses

Depreciation		
Property ,plant and equipment	5,612,787	5,609,026

24.Earnings per share

Basic earnings (loss) per share		
From continuing operations (per share)	0.48	(1.64)

Reconciliation of profit (loss) for the year to basic earnings		
Profit (loss) for the year attributable to equity holders	23,834,835	(82,129,358)

Diluted earnings per share is equal to earnings per share because there are no dilutive potential ordinary shares in issue.

25. Related parties

The Company did not transact with any related entity during the year.

Compensation to directors and other key management		
Remuneration of Executives	8,950,000	3,600,000

25. Going concern

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

We draw attention to the fact that at 31 December 2021, the company had accumulated losses of =N= (132,285,310) and that the company's total liabilities exceed its assets by =N= (57,032,381). Also, the Company has defaulted in meeting its loans obligation from Unity Bank Plc and is currently in litigation with the Bank. The Company's estimated debt due to the Bank was put at N175,159,703 whereas the Bank claimed that a total of N447,316,113 was due from the Company. The Company had however disputed the Bank's claim.

Notes to the Financial Statements

Figures in Naira	2021	2020

26. Going concern (continued)

The ability of the company to continue as a going concern is dependent on the financial support of its lender and the directors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note of these financial statements will remain in force for so long as it takes tore store the solvency of the company.

27. Events after the reporting period

There were no material events after the reporting period which could have had a material effect on the financial position of the Company as at 31st December 2021 and the results for the year then ended, which have not been adequately provided for in the financial statements.

Notes to the Financial Statements

Figures in Naira	2021	2020

28. Financial Instruments

(a) **Financial Risk Management**

The Company has exposure to the following risks from its use of financial Instrument:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

Risk Management Frame work
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management frame work. During the year, the Board did not have a Risk Management Committee and so the Board is responsible for developing and monitoring the Company's risk management policies.

Credit Risk
Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company's principal exposure to credit risk is influenced mainly by the individual characteristics of each customer.

In order to minimise credit risk, the Board develop and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Board use other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counter parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Management has established a customer activation process under which each new customer is analysed individually forced it worthiness before the Company's sales agreement standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retailer, end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Company has no significant concentration of credit risk, with exposure spread over a large number of parties. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been in cured but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Credit risk from balances with banks and financial institutions is managed by the Board in accordance with the Company's policy. Investments of surplus funds, if any, are made only with approved counter parties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed periodically, and may be updated at any point in the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

i. Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:		**2021**	2020
	Note	**=N=**	=N=
Trade and Other Receivables	7	28,470,853	27,075,941

Notes to the Financial Statements

Figures in Naira		2021	2020
28. Financial Instruments (continued)			
Cash and Cash Equivalent	8	5,109,261	4,024,999
		33,580,114	31,100,940

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	2021	2020
Due from Customers	28,400,853	27,005,941
Due from Staff	70,000	70,000
	28,470,853	27,075,941

ii. Impairment Losses on Trade Receivables

For trade receivables, the Company applied the simplified approach in computing expected credit losses (ECL). Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL a teach reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 4.The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables as at 31 December 2021using a provision matrix:

31 December 2021	Trade Receivables Days Past Due					
	Current	**31-60Days**	**61-90Days**	**91-120Days**	**>120Days**	**Total**
Expected Credit Loss Rate	0.10%	5%	10%	30%	50%	
Gross Carrying Value	**9,679,062**	**10,049,896**	**7,078,004**	**227,274**	**5,314,201**	**32,348,437**
Expected Credit Loss	**(9,679)**	**(502,495)**	**(707,800)**	**(68,509)**	**(2,657,101)**	**(3,945,584)**
	9,669,383	**9,547,401**	**6,370,204**	**158,765**	**2,657,101**	**28,402,853**

31 December 2020	**Trade Receivables Days Past Due**					
	Current	**31-60Days**	**61-90Days**	**91-120Days**	**>120Days**	**Total**
Expected Credit Loss Rate	0.10%	5%	10%	30%	50%	
Gross Carrying Value	10,006,027	10,049,896	7,078,004	227,274	4,458,982	31,820,183
Expected Credit Loss	(34,847)	(874,929)	(1,031,161)	(384,267)	(2,489,038)	(4,814,241)
	9,971,180	9,174,967	6,046,843	-159,092	1,969,944	7,005,941

Notes to the Financial Statements

Figures in Naira	2021	2020

29. Financial Instruments (continued)

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2021 =N=	2020 =N=
Balanceat1January	4,814,241	1,296,267
Additional Allowance in the Year	--	3,517,974
Balance written off in the yea	(868,658)	-
Balance at 31 December	3,945,583	4,814,241

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company is currently having a liquidity problem as it has not been able to meet some certain liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying Amount	Contractual Cash Flow	6 Months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
31 December 2021							
Secured Bank Loans	175,159,703	175,159,703	(175,159,703)	-	-	-	-
Related Parties' Loans	80,700,000	80,700,000	-	-	-	(80,700,000)	-
Trade & Other Payables	84,239,188	84,239,188	(84,239,188)	-	-	-	-
31 December 2020							
Secured Bank Loans	162,196,008	162,196,008	(162,196,008)	-	-	- -	
Related Parties' Loans	90,700,000	90,700,000	-	-	-	(90,700,000)	-
Trade & Other Payables	76,940,922	76,940,922	(76,940,922)	-	-	-	-
	329,836,930	329,836,930	(239,836,930)	-	-	(90,700,000)	-

Secured overdraft and bank loans are from Unity Bank Plc, which are already due for repayment. The Company is having financial difficulty in repaying the facilities and the interest thereon. The Company is currently in litigation with Unity Bank Plc regarding the facilities. Liabilities with respect to these facilities may rise depending on the outcome of the litigation, which could not be ascertained at the reporting date See note 8.

Related Parties' loans were N51,700,000, 14,000,000 and N15,000,000 loans provided by the shareholders at 10% interest per annum, Davolad at 12% rate per annum and Three Circles Investment & Security Limited at 23% rate per annum respectively. The loans have no fixed repayment period. The loan shall be repaid when the Company is liquid to do so. The Company expects that the liability would be settled within 2 to 5 years. See note x.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to

Notes to the Financial Statements

Figures in Naira	2021	2020

28. Financial Instruments (continued)

Manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company manages market risks by keeping costs low to keep prices within profitable range, foreign exchange risks are managed by maintaining foreign denominated bank accounts and keeping Letters of Credit (LC) facility lines with the Company's bankers. Also interest rates are benchmarked to NIBOR (for local loans) and LIBOR (for foreign denominated loans) with a large margin thereof at fixed rates while not foreclosing the possibility of taking interest rate hedge products should there be need to do so. The Company is not exposed to any equity risk.

Currency risk

The currency risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company is not exposed to currency risk as all its transactions during the year were carried out at its primary currency i.e Nigerian Naira. The Company did not have any asset or liability denominated in foreign currency.

Interest rate risk

The Company adopts policy of ensuring that a significant element of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into loan arrangements with mixed interest rate sources. Variable interest rates are marked against the ruling NIBOR rates to reduce the risk arising from interest rates.

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates. The Board of Directors are responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful borrowing profiling and use of heterogeneous borrowing sources.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Notes to the Financial Statements

Figures in Naira	2021	2020
Fixed rate instruments	**Carrying Amount 2021**	**2020**
Financial assets	-	-
Financial liabilities	255,859,703	252,896,008
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following are as:

- requirements for the appropriate segregation of duties, including the authorization of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development

Notes to the Financial Statements

Figures in Naira	2021	2020

28. Financial Instruments (continued)

- ethical and business standards
- risk mitigation, including insurance when it is effective

Value Added Statement

Figures in Naira	2021		2020	

"Value added" is the measure of wealth the company has created in its operations by "adding value" to the cost of products and services. The statement below summarizes the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the company for there placement of assets and the further development of operations.

	2021	%	2020	%
Value Added				
Value added by operating activities				
Revenue	243,036,107		196,194,268	
Bought-in materials and services	(172,703,070)		(174,996,285)	
Other operating income	12,781,737		6,413,260	
Other operating gains (losses)	(7,603,323)		(4,800,539)	
	75,511,451	**100**	**22,810,704**	**100**
Value Distributed				
To Pay Employees				
Salaries, wages, medical and other benefits	20,194,432		13,970,059	
	20,194,432	**27**	**13,970,059**	**61**
To Pay Providers of Capital				
Finance costs	25,663,691		86,062,714	
	25,663,691	**34**	**86,062,714**	**377**
To Pay Government				
Income tax	1,889,542		980,971	
	1,889,542	**3**	**980,971**	**4**
To be retained in the business for expansion and future wealth creation:				
Value reinvested				
Depreciation, amortization and impairments	5,612,787		5,609,026	
Deferred tax	(1,683,836)		(1,682,708)	
	3,928,951	**5**	**3,926,318**	**17**
Value retained				
Retained profit	23,834,835		(82,129,358)	
	23,834,835	**32**	**(82,129,358)**	**(360)**
Total Value Distributed	**75,511,451**	**100**	**22,810,704**	**100**

Value added represents the additional wealth which the company has been able to create by its own and employees efforts.

This statement shows the allocation of that wealth among employees, government, capital providers and that retained in the business for expansion and future creation of more wealth.

Five Year Financial Summary

Figures in Naira			2021		2020
Statement of Financial Position					
Assets					
Non-current assets	171,440,111	175,338,561	170,727,413	116,910,807	114,749,438
Current assets	113,730,940	74,612,123	80,836,391	60,664,197	46,269,848
Total assets	**285,171,051**	**249,950,684**	**251,563,804**	**177,575,004**	**161,019,286**
Liabilities					
Non-current liabilities	80,700,000	90,700,000	67,700,000	65,700,000	65,700,000
Current liabilities	261,503,432	240,117,900	182,601,661	161,320,919	144,609,504
Total liabilities	**342,203,432**	**330,817,900**	**250,301,661**	**227,020,919**	**210,309,504**
Equity					
Share capital	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Revaluation Reserves	50,252,929	50,252,929	50,252,929	-	-
Retained Earnings	(132,285,310)	(156,120,145)	(73,990,786)	(74,445,915)	(74,290,218)
Total equity	**(57,032,381)**	**(80,867,216)**	**1,262,143**	**(49,445,915)**	**(49,290,218)**
Total equity and liabilities	**285,171,051**	**249,950,684**	**251,563,804**	**177,575,004**	**161,019,286**
Financed by:					
Share capital	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Reval reserve	50,252,929	50,252,929	50,252,929	-	-
Retained income	(132,285,310)	(156,120,145)	(73,990,786)	(74,445,915)	(74,290,218)
Total equity	**(57,032,381)**	**(80,867,216)**	**1,262,143**	**(49,445,915)**	**(49,290,218)**
Total equity and liabilities	**285,171,051**	**249,950,684**	**251,563,804**	**177,575,004**	**161,019,286**
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	243,036,107	196,194,268	199,494,886	160,245,825	194,357,593
Cost of sales	(160,240,701)	(163,020,880)	(166,831,804)	(131,460,718)	(157,053,587)
Gross profit	**82,795,406**	**33,173,388**	**32,663,082**	**28,785,107**	**37,304,006**
Other operating income	12,781,737	6,413,260	8,925,777	2,078,875	2,562,580
Other operating gains(losses)	(7,603,323)	(4,800,539)	(5,341,602)	(5,034,975)	(4,879,725)
Other operating expenses	(38,269,588)	(31,554,490)	(27,472,939)	(19,095,810)	(23,085,057)
Operating profit	**49,704,232**	**3,231,619**	**8,774,318**	**6,733,197**	**11,901,804**
Finance costs	(25,663,691)	(86,062,714)	(7,959,996)	(6,849,996)	(12,150,000)
Profit (loss) before taxation	**24,040,541**	**(82,831,095)**	**814,322**	**(116,799)**	**(248,196)**
Taxation	(205,706)	701,737	(359,191)	(38,898)	(123,995)
Profit (loss) from discontinued operations	**23,834,835**	**(82,129,358)**	**455,131**	**(155,697)**	**(372,191)**
Profit (loss) for the year	**23,834,835**	**(82,129,358)**	**455,131**	**(155,697)**	**(372,191)**
Retained income (loss) for the year	**23,834,835**	**(82,129,358)**	**455,131**	**(155,697)**	**(372,191)**

Proxy Form

HALLMARK PAPER PRODUCTS PLC
Annual General Meeting to be held at the Company Premises 46, Ilogbo Road Ota, Ogun State on Tuesday, September 20th, 2022 at 11:00am
I/We --

Being a member/members of Hallmark Paper Products Plc appoint**

Or failing him. Mr. B. T. Bello or failing him Mr. D.O. Adeliyi as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on Tuesday, September 20th, 2022 and any adjournment
thereof Date this --------------------- day of -------------------

Shareholders Signature
To be effective, this proxy form should be dully stamped By the Commissioner for Stamp Duties and signed before Posting it to reach the registered address of the company not Later than September 16th, 2022. Please note that action should not be taken on the Proxy Form if the member will be attending the meeting

NUMBER OF SHARES HELD	

RESOLUTION	FOR	AGAINST
1 To receive the report and Accounts for year ended 31st December 2021		
2. To r eelect Mr. S.A Akande a Director retiring by rotation.		
3. To authorize directors to fix auditors remuneration.		
4. To elect members of the Audit committee		

Please indicate X in the appropriate column how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed. The proxy will vote or abstain from acting at his discretion

NOTE: Notice of AGM Annual Reports and Proxy Form can be downloaded from the Registrars website at wwwunityregistrersng.com

----

(Before posting the above card, tear this part and retain it)
Admission Card
Pease admit *** ------------------------------ to the Annual General Meeting of Hallmark Paper Products Plc to be held at 46, Ilogbo Road, Ota Ogun State on September 20th, 2022 at 11:00am
IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy and the above form has been prepared to vote in case you cannot personally attend the meeting.

Following the normal practice, the names of two Directors of the Company have been entered on the form to ensure that someone will at the meeting act as your proxy, you may insert to the blank space on the form (Marked”) the name of any person, whether a member (shareholder) of this company or not who will attend the meeting and vote on your behalf instead of one of the Directors.

IMPORTANT
(a) The name of the shareholder must be written in BLOCK CAPITALS on the proxy form where marked. Please stamp and sign the proxy form if you are not attending the meeting and post it so as to reach the registered address of the company not less than 48 hours before the time for holding the meeting. If executed by corporation, the proxy form should be sealed with the Common Seal.
(b) The admission card must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
(c) Shareholders or their proxies are requested to sign the admission card before attending the meeting.

Signature or person attending --
(Please sign before attending Meeting)

Number of Shares held	

Saheed O. Agbelese
Company Secretary
FRC/2019/NBA/0000001983