

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

**UNAUDITED FINANCIAL STATEMENTS
31 DECEMBER 2017**

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL STATEMENTS

AT FIRST QUARTER ENDING 31 DECEMBER 2017

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NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDING DECEMBER 2017

The Directors accept responsibility for the preparation of the accompanying financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in accordance with the International Financial Reporting Standards; in compliance with the Financial Reporting Council Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20 LFN 2004.

The Directors are of the opinion that the accompanying financial statements give a true and fair view of the state of the financial affairs of the Company, in accordance with the International Financial Reporting Standards; in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004.

The Directors further accept responsibility for the maintenance of adequate accounting records as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.


The Directors have made assessment of the company's ability to continue as a going concern and have no reason to believe that the company will not remain a going concern in the year ahead.

Signed on behalf of the Board of Directors by:



Mr. C. U. MMEJE
AG. MD/Finance Director
FRC/2014/CIBN/00000006114

Dated: 22 January, 2018



Sir. G. E. Omene
Director
FRC/2013/NSE/00000004747


Dated: 22 January, 2018

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF FINANCIAL POSITION AT FIRST QUARTER ENDING 31 DECEMBER 2017

	Notes	3 months ending 31-Dec-17 N'000	Year ended 30-Sep-17 N'000
Assets			
Non-current assets			
Property, plant and equipment	8	<u>608,705</u>	<u>593,698</u>
		<u>608,705</u>	<u>593,698</u>
Current assets			
Inventories	11	795,590	688,928
Trade and other receivables	12	654,675	498,318
Other assets	13	71,571	311,399
Cash and cash equivalents	14.1	<u>237,224</u>	<u>188,011</u>
		<u>1,759,060</u>	<u>1,686,656</u>
Total assets		<u>2,367,766</u>	<u>2,280,354</u>
Current liabilities			
Trade and other payables	16	321,098	280,964
Current borrowing	17	73,046	147,203
Current portion of long term borrowings	15.1.1	719,958	619,859
Current tax payable	20	58,500	61,500
Finance lease liabilities	23	38,635	38,635
Define contribution plan	18.	<u>49,212</u>	<u>47,072</u>
		<u>1,260,449</u>	<u>1,195,233</u>
Non-current liabilities			
Non-Current portion of long term borrowings	15.1.2	183,060	174,420
Finance lease liabilities	23	50,485	50,485
Deferred tax liability	21	<u>54,849</u>	<u>54,849</u>
		<u>288,394</u>	<u>279,754</u>
Total liabilities		<u>1,548,843</u>	<u>1,474,987</u>
Net assets		<u>818,922</u>	<u>805,368</u>
Equity			
Share capital	24.2	863,253	863,254
Share premium		1,113,890	1,113,889
Other reserve		-	-
Accumulated loss	25	<u>(1,158,221)</u>	<u>(1,171,775)</u>
Total equity		<u>818,922</u>	<u>805,368</u>


C.U. Mmeje
 Ag. Managing Director / CEO
 FRC/2014/CIBN/00000006114


F. I. Onyeneke (Mrs.)
 General Manager Finance
 FRC/2014/ICAN/00000010082

The explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	Note	3 months ending 31-Dec-17 N'000	3 months ending 31-Dec-16 N'000
Turnover	26.	394,298	137,394
Cost of sales	27.	<u>(198,684)</u>	<u>(107,160)</u>
Gross profit		195,614	30,234
Other income	31.	59	-
Marketing and distribution expenses	28.	(62,522)	(89,991)
Administrative expenses	29.	(103,194)	(165,043)
Net exchange loss	30.	<u>-</u>	<u>-</u>
Operating profit/(loss)		29,958	(224,799)
Diminution of investment		-	-
Finance costs	32.	<u>(16,404)</u>	<u>(23,566)</u>
Profit/(loss) before taxation		13,553	(248,365)
Current income tax expense	22.	-	-
Deferred income tax expense	22.	<u>-</u>	<u>-</u>
Profit/(loss) for the year from continued operation		<u>13,553</u>	<u>(248,365)</u>
Other comprehensive income			
Gain on available for sale assets		<u>-</u>	<u>-</u>
Total other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss)		<u>13,553</u>	<u>(248,365)</u>
Profit/(loss) per share (Kobo)	36.	<u><u>1</u></u>	<u><u>(16)</u></u>

The explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF CHANGES IN EQUITY FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	Issued share capital N'000	Share premium N'000	Bonus issue reserve N'000	Fair value reserve N'000	Retained earnings N'000	Total equity N'000
At 30 September 2016	<u>784,776</u>	<u>1,197,933</u>	<u>-</u>	<u>-</u>	<u>(760,291)</u>	<u>1,222,418</u>
Changes in equity for 2017						
Profit for the year	-	-	-	-	(411,484)	(411,484)
Transfer to income statement	-	-	-	-	-	-
Other comprehensive income						
Fair value changes on available for sale assets	-	-	-	-	-	-
Exchange gain or loss on foreign operations	-	-	-	-	-	-
Total comprehensive profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(411,484)</u>	<u>(411,484)</u>
Issue of share capital	-	-	-	-	-	-
Transfer between share capital/ premium	78,478	(78,478)	-	-	-	-
Transaction costs for equity issue	-	(5,566)	-	-	-	(5,566)
Deposit for future subscription of stocks	-	-	-	-	-	-
At 30 September 2017	<u>863,254</u>	<u>1,113,889</u>	<u>-</u>	<u>-</u>	<u>(1,171,775)</u>	<u>805,368</u>
	Issued share capital N'000	Share premium N'000	Bonus issue reserve N'000	Fair value reserve N'000	Retained earnings N'000	Total equity N'000
At 30 September 2017	<u>863,254</u>	<u>1,113,889</u>	<u>-</u>	<u>-</u>	<u>(1,171,775)</u>	<u>805,368</u>
Changes in equity for 2017						
Loss for the year	-	-	-	-	13,553	13,553
Transfer to income statement	-	-	-	-	-	-
Other comprehensive income						
Fair value changes on available for sale assets	-	-	-	-	-	-
Exchange gain or loss on foreign operations	-	-	-	-	-	-
Total comprehensive profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,553</u>	<u>13,553</u>
Issue of share capital	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Transfer between share capital/ premium	-	-	-	-	-	-
Transaction costs for equity issue	-	-	-	-	-	-
Deposit for future subscription of stocks	-	-	-	-	-	-
At 31 December 2017	<u>863,254</u>	<u>1,113,889</u>	<u>-</u>	<u>-</u>	<u>(1,158,222)</u>	<u>818,922</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	Notes	3 months ending 31-Dec-17 N'000	Year ended 30-Sep-17 N'000
Cash flows from operating activities			
Cash flow (used in)/generated from operations	35.	66,135	218,162
Cash receipts from customers		419,521	1,615,123
Cash payments to suppliers and employees		(405,840)	(1,856,841)
Payment for employee benefit obligations		2,140	(45,592)
Current income tax paid	20.	(3,000)	(12,757)
Net cash (used in)/generated from operating activities		78,956	(81,905)
Cash flows from investing activities			
Purchase of property plant and equipment	8.	2	(88,748)
Additions to Assets under finance lease	9.	(0)	(24,765)
Acquisition of capital work in progress	8.	(45,715)	(109,519)
Proceed on disposal of property, plant and equipment		(0)	905
Net cash (used in)/from investing activities		(45,713)	(222,127)
Cash flows from financing activities			
Finance costs paid	32.	(16,404)	(124,272)
Repayments of finance lease obligations	23.	-	(23,584)
Proceeds from finance lease obligations	23.	-	92,813
Repayments of term loans	15.1	(48,930)	(110,346)
Proceeds of term loans received	15.1	81,348	17,493
Net cash used in financing activities		16,014	(147,896)
Increase in cash and cash equivalents		49,257	(451,928)
Cash and cash equivalent at the beginning of the year		114,921	566,849
Cash and cash equivalent at the end of the year/quarter	14.1	164,178	114,921

The explanatory notes and statement of significant accounting policies form an integral part of these financial statements.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

7.1 The fair value of financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows:

Note	Financial assets				Financial liabilities		Total carrying amount N'000	Fair value N'000
	Fair value through profit or loss N'000	Loans and receivables N'000	Available for sale N'000	Held to maturity N'000	Amortised cost N'000	Fair value through profit or loss N'000		
At 30 September 2017								
Assets								
Trade and other receivables	12	-	654,675	-	-	-	654,675	994,204
Cash and cash equivalents	14.1	237,224	-	-	-	-	237,224	237,224
		<u>237,224</u>	<u>654,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>891,899</u>	<u>1,231,429</u>
Liabilities								
Trade and other payables	16	-	-	-	-	321,098	321,098	321,098
Borrowings (Current portion)	15.1.1	-	-	-	719,958	-	719,958	719,958
Finance lease payable	23	-	-	-	38,635	-	38,635	38,635
		<u>-</u>	<u>-</u>	<u>-</u>	<u>758,593</u>	<u>321,098</u>	<u>1,079,691</u>	<u>1,079,691</u>
At 30 September 2016								
Assets								
Trade and other receivables	12	-	809,978	-	-	-	809,978	1,538,103
Cash and cash equivalents	14	566,849	-	-	-	-	566,849	566,849
		<u>566,849</u>	<u>809,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,376,827</u>	<u>2,104,952</u>
Liabilities								
Trade and other payables	16	-	-	-	-	182,138	182,138	182,138
Borrowings (Current portion)	15.1.1	-	-	-	678,211	-	678,211	678,211
Finance lease payable	23	-	-	-	9,755	-	9,755	9,755
		<u>-</u>	<u>-</u>	<u>-</u>	<u>687,966</u>	<u>182,138</u>	<u>870,104</u>	<u>870,104</u>

7.2 Fair valuation methods and assumptions

Cash and cash equivalents, trade receivables, trade payable and short term borrowings are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains in a separate component of equity at the end of the reporting year.

The fair value of current financial assets and liabilities are stated at amortized cost

7.3 Fair value measurements recognised at the reporting date

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: for equity securities not listed on an active market and for which observable market data exist that the company can use in order to estimate the fair value;

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

8. Property, plant and equipment

	Land N'000	Building N'000	Machinery and equipment N'000	Furniture and fittings N'000	Motor vehicles N'000	Computer equipment N'000	Capital work in progress N'000	Assets under finance lease N'000	Total N'000
2017									
Cost									
At 30 September 2017	76,332	66,472	627,401	69,531	342,107	114,563	1,150	140,868	1,438,425
Addition in the year	-	0	0	0	-	0	45,715	0	45,715
Reclassification from leasehold	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	0	-	-	-	0
At 31 December 2017	<u>76,332</u>	<u>66,472</u>	<u>627,401</u>	<u>69,531</u>	<u>342,107</u>	<u>114,563</u>	<u>46,865</u>	<u>140,868</u>	<u>1,484,139</u>
Accumulated Depreciation									
At 30 September 2017	-	13,982	370,411	51,975	328,757	56,649	-	22,954	844,728
Charge for the year	-	499	12,680	810	3,762	5,912	-	7,043	30,706
Reclassification from Leasehold	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
At 31 December 2017	<u>-</u>	<u>14,481</u>	<u>383,091</u>	<u>52,785</u>	<u>332,518</u>	<u>62,561</u>	<u>-</u>	<u>29,997</u>	<u>875,434</u>
Carrying amount:									
At 31 December 2017	<u>76,332</u>	<u>51,991</u>	<u>244,310</u>	<u>16,745</u>	<u>9,589</u>	<u>52,001</u>	<u>46,865</u>	<u>110,872</u>	<u>608,705</u>
At 30 September 2017	<u>76,332</u>	<u>52,487</u>	<u>256,992</u>	<u>17,556</u>	<u>13,349</u>	<u>33,149</u>	<u>1,151</u>	<u>117,916</u>	<u>568,932</u>
2016									
Cost									
At 1 October 2016	59,782	65,941	598,780	64,840	358,039	53,168	15,510	32,501	1,248,561
Addition in the year	16,550	530	29,130	5,649	-	36,889	182,757	108,368	379,873
Transfer	-	-	-	-	-	-	(197,116)	-	(197,116)
Write off of assets	-	-	(507)	(958)	-	(259)	-	-	(1,724)
Disposal	-	-	-	-	(15,932)	-	-	-	(15,932)
At 30 September 2017	<u>76,332</u>	<u>66,471</u>	<u>627,403</u>	<u>69,531</u>	<u>342,107</u>	<u>89,798</u>	<u>1,151</u>	<u>140,869</u>	<u>1,413,662</u>
Accumulated Depreciation									
At 1 October 2016	-	6,161	319,117	49,750	320,038	45,873	-	4,449	745,388
Charge for the year	-	1,991	51,801	3,183	24,652	11,035	-	18,504	111,166
Impairment due to fire incident	-	5,832	-	-	-	-	-	-	5,832
Write off of assets	-	-	(507)	(958)	-	(259)	-	-	(1,724)
Disposal	-	-	-	-	(15,932)	-	-	-	(15,932)
At 30 September 2017	<u>-</u>	<u>13,984</u>	<u>370,411</u>	<u>51,975</u>	<u>328,758</u>	<u>56,649</u>	<u>-</u>	<u>22,953</u>	<u>844,730</u>
Carrying amount:									
At 30 September 2017	<u>76,332</u>	<u>52,487</u>	<u>256,992</u>	<u>17,556</u>	<u>13,349</u>	<u>33,149</u>	<u>1,151</u>	<u>117,916</u>	<u>568,932</u>
At 30 September 2016	<u>59,782</u>	<u>59,780</u>	<u>279,663</u>	<u>15,090</u>	<u>38,001</u>	<u>7,295</u>	<u>15,510</u>	<u>28,052</u>	<u>503,173</u>

	Plant and Machinery N'000	Motor vehicles N'000	Total N'000
9. Assets under finance lease			
2017			
Cost			
At 30 September 2017		140,868	140,868
Addition in the year		-	-
Reclassification		-	-
At 31 December 2017	<u>-</u>	<u>140,868</u>	<u>140,868</u>
Depreciation			
At 30 September 2017		(22,954)	(22,954)
Charge for the year		(7,043)	(7,043)
Reclassification		-	-
At 31 December 2017	<u>-</u>	<u>(29,997)</u>	<u>(29,997)</u>
Carrying amount			
At 31 December 2017	<u>-</u>	<u>110,872</u>	<u>110,872</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	3 months ending 31-Dec-17 Motor vehicles N'000	Year ended 30-Sep-17 Total N'000
9. Assets under finance lease (Cont'd)		
2017		
Cost		
At 30 Septemeber 2017	-	-
Addition in the year	-	-
Reclassification	-	-
At 31 December 2017	<u>-</u>	<u>-</u>
Depreciation		
At 30 Septemeber 2017	(22,954)	(22,954)
Charge for the year	(7,043)	(7,043)
Reclassification	-	-
At 30 June 2017	<u>(29,997)</u>	<u>(29,997)</u>
Carrying amount		
At 31 December 2017	<u>- 29,997</u>	<u>(29,997)</u>
10 Deposit for shares	N'000	N'000
At 30 Septemeber 2017	-	-
Impairment	-	-
At 30 September 2017	<u>-</u>	<u>-</u>
11. Inventories		
Raw materials	379,914	343,438
Work-in-progress	59,381	81,312
Finished goods	203,404	224,606
Spare parts	21,277	21,808
Goods in transit	131,614	17,764
	<u>795,590</u>	<u>688,928</u>
12. Trade and other receivables		
Trade receivables	980,472	1,005,695
Staff loans	13,733	8,997
Other receivable	190,034	217,009
Due from related parties	17,414	-
	<u>1,201,653</u>	<u>1,231,701</u>
Impairments (Note 12.1)	<u>(546,978)</u>	<u>(507,377)</u>
	<u>654,675</u>	<u>724,323</u>
12.1 Impairments		
At 1 October 2017	507,377	287,377
Write off in the year	-	-
Additional charge during the year	39,601	220,000
At 31st December 2017	<u>546,978</u>	<u>507,377</u>
	N'000	N'000
13. Other assets		
Prepayments	22,634	14,330
Withholding tax recoverable	30,182	30,086
Advances to suppliers	18,756	40,977
	<u>71,571</u>	<u>85,393</u>
14. Cash and cash equivalents		
14.1 Cash and cash equivalents as per statement of financial position		
Cash in hand	280	1
Cash in banks	145,962	97,035
Fixed deposit	90,982	90,975
	<u>237,224</u>	<u>188,011</u>
14.2 Cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents		
Cash and bank balances (Note 13.1)	237,224	188,011
Bank overdrafts	<u>(73,045)</u>	<u>(73,090)</u>
	<u>164,179</u>	<u>114,921</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	3 months ending	Year ended
15. Borrowings		
Term loans (Note 14.1)	<u>903,018</u>	<u>794,279</u>
15.1 Movement in term loans		
At 1 October 2017	619,368	768,752
Additions in the year	149,520	17,493
Repayment during the year	(48,930)	(110,346)
Exchange loss/(gain)	-	(56,531)
	<u>719,958</u>	619,368
Other loan (Note 14.4)	<u>183,060</u>	174,911
At 30 December 2017	<u>903,018</u>	<u>794,279</u>
15.1.1 Analysed into:		
Current		
Diamond	67,931	91,617
DBN LC	122,202	-
GTB Overdraft	-	-
REAN	1,578	6,123
DAEWOO	521,628	521,628
Other loan	6,619	491
	<u>719,958</u>	619,859
15.1.2 Non-current :		
Diamond	-	174,420
GT term loan	-	-
Other loan	183,060	-
REAN	-	-
	<u>183,060</u>	<u>174,420</u>
	<u>903,018</u>	<u>794,280</u>

N'000

N'000

15.2 Term loans

2016

Daewoo Securities (Europe) Limited (Note 14.3.1)	521,628	521,628
REAN Finance Company Limited	1,578	6,123
Guaranty Trust Bank Plc (Note 14.3.2)	122,202	-
Diamond Bank (Note 14.3.3)	67,931	91,617
	<u>713,339</u>	619,368
Other loan (Note 14.4)	<u>189,679</u>	<u>174,911</u>
	<u>903,018</u>	<u>794,279</u>

15.3 Term loans relate to:

15.3.1 Daewoo Securities

400 million Japanese Yen (JPY) zero coupon bond at 7.5% per annum issued by the company in 2007 financial year. The bond due by 2014 (but was recalled in January, 2018) with options to subscribe ordinary shares of the Company to Daewoo Securities (Europe) Limited. JPY 260 million had been repaid leaving outstanding JPY 140 million

The outstanding balance of JPY 192,276,736 (comprising principal JPY 140 million, interest JPY 52 million), has been translated at Central Bank of Nigeria (CBN) ruling rate as at 31 December, 2017

15.3.2 Guaranty Trust Bank Plc

Included in the term loan is an Guaranty Trust Bank loan with repayment period of 2 years at 21% interest rate.

15.3.3 Diamond Bank

This represents N212.8 million naira term loan obtained from diamond bank. The loan is for a 30 months repayment period with 21% interest rate. The loan was obtained for the purpose of refinancing the company's obligation to Daewoo securities limited. Security for the loan is Mortgage debenture on the company assets with Diamond Bank as the first loss payee.

15.4 Other loan

	N'000	N'000
At 30 September 2017	174,911	167,958
Addition during the year	8,639	7,491
Payment during the year	(490)	(538)
At 31 December 2017	<u>183,060</u>	<u>174,911</u>

Other loan represents amount received from some shareholders, repayable as at when due. It attracts 14% interest per annum.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDING 31 DECEMBER 2017

3 months
ending
Year
ended

16. Trade and other payables		
Trade payables	30,230	21,657
Other accruals	73,926	19,484
Statutory deductions (WHT Payable)	42,353	42,692
Royalties	53,789	53,844
Dividend payable	14,675	14,675
Other payables	36,446	52,352
Accounts payable (15.1)	69,681	76,260
	<u>321,098</u>	<u>280,963</u>

Trade payables are stated at their original invoice value, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

- 16.1 The company discontinued provision for gratuity in 2007. The balance is due to employees who are entitled to gratuity as at 2007 and is to be paid whenever they disengage from the service of the company.

17. Current borrowing		
Bank overdraft	(73,046)	73,090
Import finance facilities (Note 16.1)	-	74,113
	<u>(73,046)</u>	<u>147,203</u>

- 17.1 N300 million import finance facility was obtained from Diamond Bank Plc on 17 May 2016, with interest rate of 10% p.a subject to review in line with changes in money market conditions and a tenor of 365 days.

18. Define contribution plan		
At 1 October 2017	47,072	83,420
Provision for the year		87,545
Payment during the year	2,140	(123,893)
At 30 December 2017	<u>49,212</u>	<u>47,072</u>

19. Maturity profile of financial liabilities

	Due within			Total N'000
	Below one year N'000	one - five years N'000	five years and above N'000	
2017 (December)				
Current borrowing	73,046	-	-	73,046
Trade and other payables	321,098	-	-	321,098
Finance lease obligation	38,635	50,485	-	89,120
Term loans	719,958	183,060	-	903,018
	<u>1,152,737</u>	<u>233,545</u>	<u>-</u>	<u>1,386,282</u>
2017 (September)				
Current borrowing	147,203	-	-	147,203
Trade and other payables	280,964	-	-	280,964
Finance lease obligation	38,635	50,485	-	89,120
Term loans	619,859	174,420	-	794,279
	<u>1,086,661</u>	<u>224,905</u>	<u>-</u>	<u>1,311,566</u>

	N'000	N'000
20. Movement in current tax liability		
At 1 October	61,500	67,693
Payment in the year	(3,000)	(12,757)
Charge for the year (Note 21)	-	6,564
At 31 December	<u>58,500</u>	<u>61,500</u>

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

21. Deferred tax liability		
At 1 October	54,849	54,849
Charge for the year (Note 21)	-	0
At 31 December	<u>54,849</u>	<u>54,849</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

21.1 Deferred tax assets and liabilities

Reconciliation of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Property, plant and equipment	-	-	-	95,058	-	95,058
Exchange gain/loss	-	-	-	(58,969)	-	(58,969)
Provisions	-	26,815	-	-	-	(47,932)
		<u>26,815</u>		<u>36,089</u>		<u>(11,843)</u>
Tax liability carried forward	-	-	-	-	-	-
Tax liability brought forwards	-	-	-	-	-	33,346
Deferred tax (asset)/liability	<u>-</u>	<u>26,815</u>	<u>-</u>	<u>36,089</u>	<u>-</u>	<u>21,503</u>

The Company has adopted the International Accounting Standard 12 - Income taxes, deferred taxation, which is computed using the liability method.

	3 months ending 31-Dec-17 N'000	Year ended 30-Sep-17 N'000
22. Current tax		
Minimum tax	-	6,564
Education tax	-	-
	<u>-</u>	<u>6,564</u>
Deferred taxation	-	-
As per statement of profit or loss and other comprehensive income	<u>-</u>	<u>6,564</u>

The minimum tax charged is based on the assessable loss for the year ended 30 September 2017 which is in line with section 28A (3b) of Companies Income Tax Act, CAP C21, LFN 2004 as amended.

22.1 Reconciliation of effective tax rate

The tax expense for the year is reconciled to the profit for the year as follows:

Profit/(loss) before tax	<u>13,553</u>	<u>(404,920)</u>
Tax thereon @ 30%	-	-
Deductible items	-	-
Balancing charge	-	-
Capital allowance	-	-
Education tax	-	-
Minimum tax	-	6,564
Deferred tax effect	-	-
Tax expense for the year	<u>-</u>	<u>6,564</u>
Profit/(loss) after tax	<u>13,553</u>	<u>(411,484)</u>

22.2 The tax rate is reconciled to the effective tax rate as follows:

Tax rate	-	30
Deductible items	-	-
Balancing charge	-	-
Capital allowance	-	-
Education tax	-	-
Deferred tax effect	-	-
Total effective tax rate	<u>-</u>	<u>30</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	3 months ending 31-Dec-17 N'000	Year ended 30-Sep-17 N'000
23. Finance lease obligation		
At 1 October	89,120	19,891
Reclasification	-	-
Additions in the year	-	92,813
Repayment in the year	-	(23,584)
At 31 December	<u>89,120</u>	<u>89,120</u>
Analysed into:		
Current portion	38,635	38,635
Non Current portion	<u>50,485</u>	<u>50,485</u>
	<u>89,120</u>	<u>89,120</u>
24. Share capital		
24.1 Authorised:		
2,000,000,000 ordinary shares of 50k each	<u>1,000,000</u>	<u>1,000,000</u>
24.2 Issued and fully paid:		
At 1 October	863,253	784,776
Bonus issue transfer from share premium	-	78,478
At 31 December	<u>863,253</u>	<u>863,254</u>
25. Accumulated loss		
At 1 October	1,171,775	760,291
Profit/loss for the year	(13,554)	411,484
reserve	-	-
At 31 December	<u>1,158,221</u>	<u>1,171,775</u>
25.1 Inventory recovery reserve	<u>-</u>	<u>-</u>
26. Segment information		
26.1 Operating segments		
The Company has two reportable business segments, summarised as follows:		
Pharmaceuticals product group:		
This include the marketing and sales of the Company's branded products and the products under the consumer product group.		
Animal health product group:		
This include the marketing and sales of poultry and large animal range of anthelmintics as well as production enhancing medicaments.		
	3 months ending 31-Dec-17	3 months ending 31-Dec-16
Pharmaceuticals	390,423	134,683
Animal health	3,875	2,711
	<u>394,298</u>	<u>137,394</u>
26.2 Geographical segment		
The Company operates into two geograhic regions namely Nigeria and Ghana.		
Nigeria	394,298	136,965
Ghana	0	429
	<u>394,298</u>	<u>137,394</u>

The reported revenue for animal health segment does not constitute up to 10% of the total turnover, hence, it was not separated for direct cost allocation in order to determine the gross profit.

There is no disclosure of depreciation, amortisation and assets per business segment because the assets of the Company are not directly related to a particular business segment.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	3 months ending 31-Dec-17 N'000	3 months ending 31-Dec-16 N'000
27. Cost of sales		
Inventory at 1 October	441,292	457,310
Purchases	41,029	50,805
Inventory at 31 December	<u>(379,914)</u>	<u>(441,292)</u>
Materials consumed	<u>102,407</u>	<u>66,823</u>
Factory overhead expenses		
Production salaries and wages	33,130	29,151
Power and fuel	8,306	9,075
Inventory Cost variances	(27,378)	(33,292)
Factory other expenses	21,220	13,887
Depreciation: - Plant and machinery	7,866	4,165
- Building	-	1,041
Inventory write off	5,000	5,000
Physical inventory adjustment	5,000	3,750
Decrease/increase in work-in-progress	21,931	3,666
Decrease in finished goods	21,202	3,893
Others	-	-
	<u>96,277</u>	<u>40,337</u>
	<u>198,684</u>	<u>107,160</u>
28. Marketing and distribution expenses		
Employee cost	33,965	21,870
Transport and travelling	9,866	9,759
Advert and promotions	15,556	39,433
Depreciation of motor vehicle	(5,123)	15,431
Communication and Subscription	24	46
Gift and donation	3,205	120
Printing and stationeries	74	52
Rent and rate	500	500
Product registration expenses	975	336
Training and seminar	-	1,000
Medical expenses	175	-
Energy cost	589	755
Repairs and maintenance	419	167
Telephone and postages	209	80
Corporate expenses	1,466	312
Others	624	129
	<u>62,522</u>	<u>89,992</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	3 months ending 31-Dec-17 N'000	3 months ending 31-Dec-16 N'000
29. Administration expenses		
Employee costs	25,031	40,052
Impairment allowance for trade and other receivables	39,601	55,000
Bad debt written off	-	-
Corporate expenses	829	5,351
Transport and travelling	6,745	14,965
Legal, consultancy and professional fees	1,650	15,468
Energy cost	3,133	2,901
Rent and rate	225	50
Bank charges and commission	2,595	5,021
Insurance	714	746
Repairs and maintenance	1,350	2,688
Printing and stationeries	228	1,766
Training and seminar	964	485
Conference and meetings	4,970	7,457
Medical expenses	489	1,771
Telephone and postages	2,085	1,088
Communication and Subscription	319	617
Gift and donation	308	158
Depreciation of office and computer equipment	6,963	2,267
Audit fee	3,568	3,225
Others	1,426	3,966
	<u>103,194</u>	<u>165,043</u>
30. Net foreign exchange loss		
Gain on currency translation	-	-
Loss on currency translation	-	-
	<u>-</u>	<u>-</u>
31. Other income		
Gains on disposal of property, plant and equipment	-	-
Provision no longer required	-	-
Other receipts	59	856
Commission Income	-	-
	<u>59</u>	<u>856</u>
32. Finance costs		
Interest on term loans	16,404	16,387
Interest on debenture	0	5,292
Interest on lease	-	1,887
	<u>16,404</u>	<u>23,566</u>
33. Decrease/(increase) in operating assets		
Inventories	(106,662)	37,026
Trade and other receivables	(615,478)	(1,534,003)
Other assets	239,828	(177,637)
	<u>(482,313)</u>	<u>(1,674,614)</u>
34. Increase/(decrease) in operating liabilities		
Trade and other payables	447,784	1,956,083
Import finance facilities	-	(47,497)
	<u>447,784</u>	<u>1,908,586</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	3 months ending 31-Dec-17 N'000	3 months ending 31-Dec-16 N'000
35. Cash flow (used in)/generated from operations		
Profit/(loss) after taxation	13,553	(411,484)
Adjustments to reconcile loss to net cash operating activities:		
Depreciation of property, plant and equipment (Note 8 & 9)	30,706	116,998
Finance costs (Note 31)	16,404	84,266
Impairment of trade and other receivables (Note 11.1)	39,601	220,000
Exchange loss on currency revaluation	-	(40,446)
Gain on disposal of property, plant and equipment	-	(905)
Write off of capital work in progress (Note 8)	-	-
Write back of provisions (Note 30)	-	-
Current income tax expenses	-	6,564
Interest on deposit for shares	-	21,910
Interest payment on deposit for shares	-	(21,958)
Decrease in deposit for shares	-	-
Deferred tax expenses	(0)	-
Decrease in employee benefits	-	9,244
Increase in operating assets (Note 32)	(482,313)	(1,674,614)
Increase in operating liabilities (Note 33)	447,784	1,908,586
Total adjustments	52,182	629,645
Cash flow (used in)/generated from operations	65,734	218,162
36. Basic earnings/loss per share		
Earnings per share (basic) have been computed for each year on the profit/loss after tax attributable to ordinary shareholders and divided by the number of issued and fully paid up 0.50 kobo ordinary shares during the year.		
Profit/loss after taxation	13,554	(411,484)
Number of shares	1,726,506	1,726,508
Earnings/loss per share (kobo)	1	4
37. Information regarding directors and employees		
37.1 Directors' emoluments comprise:		
Fees:		
- Chairman	-	500
- Other Directors	-	3,200
- Sitting allowance (per sitting)	-	50
Emolument of executive directors	-	30,542
	-	34,292
37.2 Fees and other emoluments (excluding reimbursable expenses disclosed above include amount paid to:		
Chairman	-	500
Highest paid director	-	17,475

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	3 months ending 31-Dec-17	3 months ending 31-Dec-16																															
37.3 Scale of directors' remuneration																																	
The number of Directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses in the following range were:																																	
<table border="0"> <thead> <tr> <th style="text-align: left;">N</th> <th style="text-align: left;">N</th> </tr> </thead> <tbody> <tr> <td>Below -</td> <td>2,500,000</td> </tr> <tr> <td>2,500,001 -</td> <td>5,000,000</td> </tr> <tr> <td>5,000,001 -</td> <td>7,500,000</td> </tr> <tr> <td>7,500,001 -</td> <td>10,000,000</td> </tr> <tr> <td>10,000,001 -</td> <td>12,500,000</td> </tr> <tr> <td>Above</td> <td>12,500,001</td> </tr> </tbody> </table>	N	N	Below -	2,500,000	2,500,001 -	5,000,000	5,000,001 -	7,500,000	7,500,001 -	10,000,000	10,000,001 -	12,500,000	Above	12,500,001	<table border="0"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">Number</th> </tr> </thead> <tbody> <tr> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>1</td> </tr> <tr> <td><u>2</u></td> <td><u>1</u></td> </tr> <tr> <td><u><u>2</u></u></td> <td><u><u>2</u></u></td> </tr> </tbody> </table>	Number	Number	-	-	-	-	-	-	-	-	-	1	<u>2</u>	<u>1</u>	<u><u>2</u></u>	<u><u>2</u></u>		
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<u><u>2</u></u>	<u><u>2</u></u>																																
The number of directors who received emoluments	2	2																															
The number of directors who did not received emoluments	9	9																															
37.4 Personnel compensation	N'000	N'000																															
Personnel compensation comprised:																																	
Short-term employee benefits	79,253	79,370																															
Contribution to compulsory pension fund scheme	<u>12,873</u>	<u>11,703</u>																															
	<u><u>92,126</u></u>	<u><u>91,073</u></u>																															
Analysis by function:																																	
Production	33,130	29,151																															
Marketing and distribution	33,965	21,870																															
Administration	<u>25,031</u>	<u>40,052</u>																															
	<u><u>92,126</u></u>	<u><u>91,073</u></u>																															
37.5 The average number of persons employed during the year by category:	Number	Number																															
Management	37	38																															
Senior staff	89	95																															
Junior staff	<u>49</u>	<u>55</u>																															
	<u><u>175</u></u>	<u><u>188</u></u>																															
37.6 Scale of employees' remuneration																																	
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NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR FIRST QUARTER ENDING 31 DECEMBER 2017

	3 months ending	3 months ending
	Amount due to/(from) the company	
	3 months ending	3 months ending
	31-Dec-17	31-Dec-16
	N'000	N'000
38. Related party transaction		
During the year, the company had no significant business dealings with related parties. The transaction value and balances of these business is as at the previous year and the dealings are:	-	-
39. Some of the directors of Neimeth International Pharmaceutical Plc are also the directors of Worldwide Healthcare Limited.		
40. Financial commitments		
The Directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of these financial statements. These liabilities are relevant in assessing the Company's state of affairs.		
41. Capital Commitments		
The Directors are of the opinion that there were no capital commitments at 31 DECEMBER 2017 (2016 - Nil).		
42. Contingent Liabilities		
The Company is subject to various pending litigations arising in the normal course of business. The contingent liabilities in respect of pending litigations as at 31 December 2017 (2016 : N2,600,000).		
43. Events after reporting date		
Subsequent to year end September 2017, N190 million was agreed as full and final settlement in respect of insurance claim on the fire incident that gutted the company's raw material at Oregon factory.		
No other event or transaction has occurred since the reporting date, which would have had a material effect on the financial statement as at that date or which needs to be disclosed in the financial statements in the interest of fair presentation of the company's financial position as at the reporting date or its results for the quarter ended.		
44. Comparative figures		
Certain comparative figures in these financial statements have been reclassified to ensure proper disclosure and uniformity with current year presentation.		

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FOR PERIOD ENDED 30 DECEMBER 2017

Other National Disclosures

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDING 31 DECEMBER 2017

	3 months ending 31-Dec-17	%	3 months ending 30-Sep-16	%
Turnover	394,298		137,394	
Other income	<u>59</u>		<u>-</u>	
	394,357		137,394	
Cost of goods and services - foreign	(1,159,650)		(1,159,650)	
Cost of goods and services - local	<u>918,081</u>		<u>911,437</u>	
Value added	<u>152,789</u>	100	<u>(110,819)</u>	100
Applied as follows:				
To pay employees:				
Salaries wages and other staff costs	92,126	60	91,073	(82)
To providers of capital:				
Finance costs	16,404	11	23,566	(21)
To pay Government:				
Company income tax	-	-	-	-
To provide for assets replacement:				
Depreciation of property, plant and equipment	30,706	20	22,907	(21)
Retained for future expansion:				
- Deferred taxation	-	-	-	-
- Profit/loss suffered on ordinary activities	<u>13,553</u>	<u>9</u>	<u>(248,365)</u>	<u>224</u>
Value added	<u>152,789</u>	100	<u>(110,819)</u>	100

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL SUMMARY

31 DECEMBER

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Statement of financial position					
Property, plant and equipment	608,705	503,172	471,396	541,976	426,045
Deferred tax assets	-	-	-	-	-
Deposit for shares	-	-	-	24,515	24,515
Available for sale assets	-	-	-	-	55,629
Net current assets	498,610	1,042,730	897,036	1,099,542	1,465,385
Non current liabilities	(288,394)	(323,484)	(211,107)	(173,024)	(237,785)
Net assets	818,922	1,222,418	1,157,325	1,493,009	1,733,789
Equity and reserves					
Share capital	863,253	784,776	784,776	784,776	653,980
Share premium reserve	1,113,890	1,197,933	1,197,933	1,197,933	1,197,933
Other reserve	-	-	-	-	-
Bonus issue reserve	-	-	-	-	130,796
Fair value reserve	-	-	-	-	12,245
Retained earnings	(1,158,221)	(760,291)	(825,384)	489,700	(261,165)
Total equity and reserves	818,922	1,222,418	1,157,325	2,472,409	1,733,789

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Statement of Comprehensive income					
Turnover	394,298	2,001,815	1,460,728	1,628,395	2,016,522
Profit/(loss) before tax	13,553	95,361	(315,772)	(198,173)	182,135
Taxation	-	(30,268)	(19,912)	(30,362)	(51,556)
Profit/(loss) for the year	13,553	65,093	(335,684)	(228,535)	130,579
Other comprehensive income/(loss) for the year	-	-	-	-	20,918
Total comprehensive income/(loss) for the year	13,553	65,093	(335,684)	(228,535)	151,497
Per share data:					
Earnings/(loss) per share (kobo) - Basic	1	4	(21)	(15)	10
Net assets per ordinary share (kobo)	47	78	74	95	136

Profit/(loss) per share are based on the profit/(loss) after tax and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

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