

NEIMETH INTERNATIONAL
PHARMACEUTICALS PLC



A Legacy of
Pioneering and
Innovations

2019
ANNUAL
REPORT
AND ACCOUNTS

Pyrantrin[®]

pyrantel Pamoate

WORMS...

Age has nothing to do with it



... effective worm expeller for the whole family

- . SUSTAINED QUALITY
- . HIGHLY EFFECTIVE AGAINST COMMONLY OCCURRING INTESTINAL WORMS
- . CONVENIENT SINGLE DOSE
- . VERY AFFORDABLE



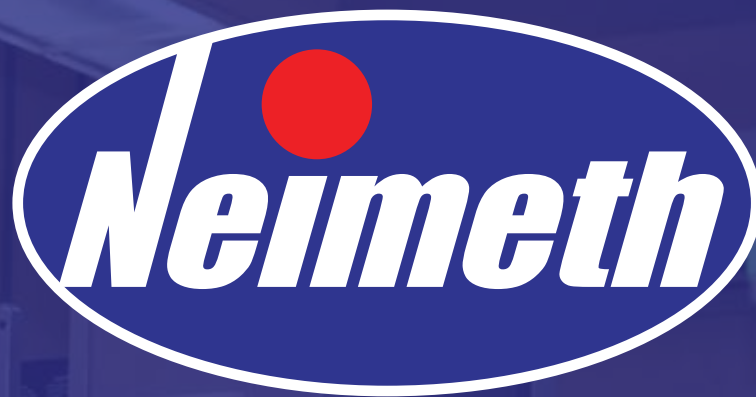
...Still the trusted name in family medicines

Neimeth International Pharmaceuticals Plc

16, Billings Way Oregon, P.M.B 21111, Ikeja, Lagos State, Nigeria

Customer care: 09032523202

www.neimethplc.com.ng email: info@neimethplc.com.ng



Mission

To promote healthy confident living

Vision

To be the leading innovative healthcare provider out of Africa



Contents

BOARD OF DIRECTORS	1	REPORT OF THE INDEPENDENT AUDITORS	56
DIRECTORS, PROFESSIONAL ADVISERS ETC	5	STATEMENT OF FINANCIAL POSITION	60
FINANCIAL HIGHLIGHTS	6	STATEMENT OF PROFIT OR LOSS	61
NOTICE OF ANNUAL GENERAL MEETING	7	STATEMENT OF CHANGE IN EQUITY	62
CHAIRMAN'S STATEMENT	10	STATEMENT OF CASH FLOWS	63
MD-CEO'S STATEMENT	14	NOTES TO THE FINANCIAL STATEMENTS	64
CORPORATE GOVERNANCE REPORT	22	STATEMENT OF VALUE ADDED	101
THE COMPANY	34	FINANCIAL SUMMARY	102
REPORT OF DIRECTORS	44	PERFORMANCE INDICATOR	103
EVENTS AND AWARDS	51	SHAREHOLDER'S INFORMATION	104
REPORT OF THE AUDIT COMMITTEE	55	SHARE CAPITAL HISTORY	105
		PROXY	106





BOARD OF DIRECTORS

Dr. A. B. C. Orjiako became chairman of the Board of Directors of Neimeth on the 1st of February, 2005, having become a member of the board in February, 2004. A medical doctor and Fellow, West African College of Surgeons, he has various business interests including energy, petroleum exploration, marine services, construction and real estate.

He is chairman of Seplat, amongst several other high net worth companies and organizations where he is and has been chairman and president.

He is the recipient of several prestigious awards, and is an accomplished agricultural and educational philanthropist.



Dr. Ambrosie .B. C. Orjiako (OFR)
Chairman



Pharm. Matthew O. Azoji
Managing Director / CEO

Pharm. Azoji joined Neimeth as Managing Director/CEO in February, 2019. He graduated from the Obafemi Awolowo University, Ile-Ife, Osun State, where he obtained his B. Pharm (First Class Honours), before going on to obtain an MBA (Marketing), and Advanced Management Programme (AMP). He obtained certificates in Pharmaceutical Policy & Pharmacoeconomics and went on to get his M.Sc. in Public health from the University of London, International Programmes. In addition, he has an M.Phil. (Pharmacy Administration) from Obafemi Awolowo, Ile-Ife.

Pharm. Azoji is a Fellow of Pharmaceutical Society of Nigeria (FPSN) and Fellow, West African Postgraduate College of Pharmacists (FPCPharm). Prior to joining Neimeth, he worked with May & Baker at various levels and was the pioneer MD/CEO of CHAN Medi-Pharm Ltd/Gte, and led the executive and management teams of Biovaccines Nigeria Ltd., a public – private partnership company between the Federal Government of Nigeria and May & Baker Nigeria Plc.

Mrs. Oputa MPSN obtained her Bachelor of Pharmacy Degree from the University of Nigeria Nsukka in 1990. She joined the Company in 1992 as Pharmaceutical Sales Representative and has held various positions such as Manager Sales Training and Customer Satisfaction, National Demand Manager, Group Product Manager, Marketing Manager, Associate Director/Head of Ethical Product Group (EPG), Director of Administration and Corporate Programmes. She joined the Board of Directors as an Executive Director of Neimeth International Pharmaceuticals Plc on 20th October, 2017. Prior to her appointment, she served as Operational Director of Sales/Marketing.



Pharm. Mrs. Roseline. A Oputa
Executive Director Sales and Marketing



Mr. Christopher U. Mmeje
Executive Director, Finance (Retired)

Mr. Chris Mmeje was appointed as Executive Director – Finance on 25th February, 2008 and took on the additional role of acting Managing Director/CEO in October 2017 till January 2019. He is an accomplished Accountant and Chartered Banker with over 30 years senior management experience in Banking, Manufacturing and Hospitality. He was Managing Director/CEO of Island Bank, Sao Tome, Sao Tome and Principe. Prior to that he was deputy General Manager at Hallmark Bank with Credit & Treasury portfolios at various times.



BOARD OF DIRECTORS

Mrs. Nelson joined Neimeth in June, 2019 as Executive Director, Finance. She is a multi-skilled and astute professional whose industry experience covers oil and gas, consultancy practice, financial service, e-Payment, manufacturing, automobile, technology and hi-tech industries both in Nigeria and the United Kingdom. She is an avid finance professional, risk manager and business process re-engineer who also held human resource management and corporate strategy roles within her career span of over two decades. Prior to joining Neimeth, she functioned as Chief Financial Officer and Chief Risk Officer at Chams Switch Limited.

Mrs. Nelson is a Fellow of the Institute of Chartered Accountants of Nigeria and a Chartered Banker. She is an Associate, Chartered Management Accountant and Chartered Global Management Accountant. She earned her Bachelors of Science degree in agricultural extension services from University of Ibadan in 1997. She is a registered member of Chartered Financial Analyst (CFA) Institute, Information System Audit and Control Association (ISACA).



Mrs. Temitayo O. Nelson
Executive Director, Finance

Having led the MBO of Pfizer in 1997, Mazi Sam Oluwabunwa is the founding MD/CEO of Neimeth International Pharmaceuticals Plc. He is a graduate of Pharmacy from the University of Ife. He had his Postgraduate training in Business and Organizational Management at the Columbia University, N.Y., USA and the Lagos Business School, Lagos.

Mazi Oluwabunwa is a fellow of several professional organizations, amongst which are the Pharmaceutical Society of Nigeria (FPSN), the Nigerian Academy of Pharmacy (FNA.Pharm), the West African Postgraduate College of Pharmacists (FPC.Pharm), the Nigerian Institute of Management (FNIM), the Nigerian Institute of Public Relations (FNIPR), and the Institute of Management Consultants (FIMC).

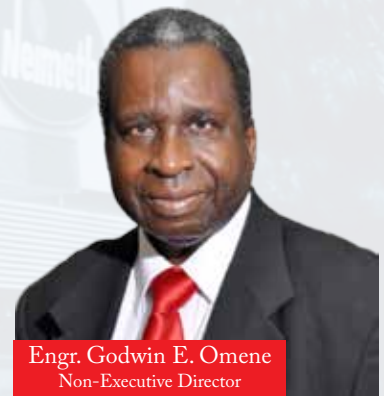
He is founder/Chairman, Sam Oluwabunwa Foundation for Economic Empowerment (SOFEE), Managing Consultant of Starteam Consult, Past President Nigeria-America Chamber of Commerce (NACO), Past President Nigerian Employers Consultative Association (NECA) and Past chairman of the Nigeria Economic Summit Group (NESG). He is the Chairman of the African Centre for Business development, Strategy and Development as well as several other prestigious organizations. He is currently the President, Pharmaceutical Society of Nigeria (PSN)

His core competencies include Enterprise Development, Governance – Corporate and Institutional Leadership, Healthcare Facilities Development, Pharmaceutical Manufacturing and Marketing and Business re-engineering. He has authored several books and sits on the board of several notable companies and organizations.



Mazi Samuel I. Oluwabunwa (OFR)
Non-Executive Director

Engr. Omene was invited to the Board on the 25th February, 2008. A first class Graduate of Imperial College of Science and Technology London, he was the pioneer Managing Director of NDDC and a retired Deputy Managing Director of Shell Petroleum Development Company. He has also been both Chairman and Director of several companies spanning the oil industry, security printing, finance/banking and pharmaceutical businesses. He was appointed the Group Managing Director of FJ Energy Limited by the European Economic Development Council in April 2007. He is a thorough bred professional with vast board experience.



Engr. Godwin E. Omene
Non-Executive Director



Prof. Elijah N. Sokomba
Non-Executive Director

Prof. Sokomba was invited to the Board on the 25th February 2008. He is an accomplished Pharmacist, Professor of Pharmacology, and former Dean, faculty of Pharmaceutical sciences, University of Jos, who has garnered considerable experience in Research / Teaching, University administration, State Health Service Management and NAFDAC where he was a former Director.



BOARD OF DIRECTORS

Prof. Iwu was invited to the Board on the 20th of December, 2011. He trained at the University of Bradford where he obtained his masters and PHD in Pharmacy. He was Professor of Pharmacognosy at the University of Nigeria Nsukka. He is also founder and Chairman of Bioresources Development and Conservation Programme (BDCP) an Independent Biosciences Research and Development Organization; and International Centre for Ethnomedicine and Drug Development (InterCEDD). He has received many academic and professional honours. He consults on several fronts, and has served on the Boards of several non-profit and charitable foundations. His working career spans the realms of academics, research and public service. He has presented several papers, published several research articles, and authored many books.



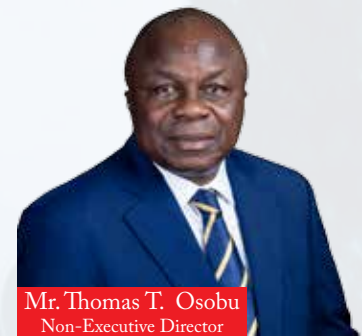
Prof Maurice M. Iwu
Non-Executive Director



Sir. Ike T. Onyechi
Non-Executive Director

Sir Onyechi was invited to the Board on the 20th December 2011. He is a registered Pharmacist and graduate of Pharmacy from the University of Nigeria Nsukka. He is founder and Chief Executive Officer of Alpha Pharmacy and Stores. He is a Fellow of several Pharmaceutical societies and member of many associations. He is equally a member of the Board of many reputable companies and establishments.

Mr. Osobu was invited to the board on the 20th December, 2011. He is a graduate of Boston University, School of Management, USA. He worked with Nestle New York and Nestle Nigeria. He is the founder and CEO of Jott Industries Nig. Ltd. He is a member of many professional and social associations, and sits on the Board of several organizations.



Mr. Thomas T. Osobu
Non-Executive Director

Mrs. Odunewu was appointed to the Board on the 22nd of January, 2018. She obtained her Bachelor of Science degree in Chemistry from the University of Manchester Institute of Science & Technology, England, and went on to obtain her M.Sc.& DIC – Technology and Development from the University of London (Imperial College of Science and Technology). She has bagged several professional qualifications, inclusive of Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and Member Chartered Institute of Arbitrators (MCI Arb). She is affiliated to the Chartered Institute of Bankers, Nigeria (CIBN) and the Institute of Directors. She has received various professional awards, and has garnered robust professional experience in her over twenty years in the financial services sector, spanning various areas of Corporate & Commercial Banking, Investment Banking & Corporate Finance, Treasury and Audit. She is currently Group Executive – International Banking Group at First Bank Nigeria Plc.



Mrs. Bashirat O. Odunewu
Independent Non-Executive Director

NimARTEM QS

A Combination Therapy of
Artemether 80mg+Lumefantrine 480mg

- Easy to swallow Caplets.
 - Affordable.
- With Mobile Authentication System.



...Neimeth Malaria Terminator

Also available as NimARTEM Tablets
Artemether 20mg/Lumefantrine 120mg

Available
in
Pharmacies
Nationwide



Neimeth International Pharmaceuticals Plc

16, Billings Way Oregon, P.M.B 21111, Ikeja, Lagos State, Nigeria

Customer care: 09032523202

www.neimethpic.com.ng email: info@neimethpic.com.ng



DIRECTORS:	Dr. A. B. C. Orjiako Pharm. M. O Azoji Pharm. Mrs. R. A Oputa Mr. C. U. Mmeje Mrs. T. O. Nelson Mazi S. I. Oluabunwa Engr. G. E. Omene Prof. E. N. Sokomba Prof M. M. Iwu Sir. I. T. Onyechi Mr. T. T. Osobu Mrs. B. O. Odunewu	Chairman MD/CEO Executive Executive (Retired October, 2019) Executive (Appointed May 14, 2019) Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Independent Non-Executive Director
-------------------	--	--

COMPANY SECRETARY: Mrs. F. I. Onyenekwe

REGISTERED OFFICE: 16, Doherty Akanni Layout (Billings Way)
Oregun Industrial Estate, Oregun.
Tel: 08033128663, 08030509676
E-mail: info@neimethplc.com.ng
Website: www.neimethplc.com.ng

AUDITORS: PKF Professional Services
PKF House, 205A Ikorodu Road
Obanikoro, Lagos.
Tel: +234(0) 9030001351, 9030001352
E-mail lagos@pkf-ng.com

REGISTRARS: Meristem Registrars and Probate Services Limited
213, Herbert Macaulay Way
Adekunle – Yaba, Lagos.
Telephone Nos: 234 (1) 2809250
E-mail: info@meristemregistrars.com

LEGAL ADVISER/ SOLICITOR: Chris O. Omolabi & Associates
REALS PLAZA, 1, Junaid Dosunmu Street,
Off Hakeem Balogun Street, CBD Alausa,
Ikeja, Lagos.
E-mail: dec8_2000@yahoo.com
Telephone: 08033063829, 07067498945

BANKERS: Fidelity Bank Plc
Access Bank Plc
Guaranty Trust Bank Plc



**Major Statement of Comprehensive
Income items:**

	Year ended 30-Sept-19 ₦'000	Year ended 30-Sept-18 ₦'000	% Change
Turnover	2,371,311	2,269,004	5
Profit/(Loss) before taxation	304,439	166,460	83
(Loss)/Profit after taxation	220,147	148,016	49
Share Capital	949,579	863,254	10
Shareholders' funds	1,072,018	858,832	25

Per Share Data:

Earnings per share (Kobo) (Basic)	12	8
Dividend per share (Kobo)	-	-
Net assets per share (Kobo)	56	45
Number of employees	166	169
Market price as at 30 th September	0.40	0.66





NOTICE IS HEREBY GIVEN THAT the 61st Annual General Meeting of the members of **NEIMETH INTERNATIONAL PHARMACEUTICALS PLC.** will be held at NECA House Plot A2, Hakeem Balogun Street, Alausa, Ikeja, Lagos on Thursday, 5th March, 2020 at 11.00 am to transact the following businesses:

ORDINARY BUSINESS:

- 1 Receive the Report of the Directors, Statement of Financial Position as at September 30th, 2019 together with the Statement of Comprehensive Income for the year ended on that date and the Reports of the Auditors and Audit Committee thereon.
- 2 Re-elect Directors / Ratify appointment of Directors
- 3 Approve the remuneration of Directors.
- 4 Re-appoint PKF Professional Services as the auditors of the Company and authorize the Directors to fix their remunerations for the ensuing financial year.
- 5 Elect members of the Audit Committee

SPECIAL BUSINESS:

6. To consider and if thought fit, pass the following resolutions as Special Resolutions to reduce the share capital of the Company:
 - (a). “That pursuant to Section 106 of CAMA and the Articles of Association of the Company, and subject to the confirmation of the court, the share premium account of the Company be reduced by ₦898,164,000 (Eight Hundred and Ninety Eight Million, One Hundred and Sixty Four Thousand Naira) from ₦1,020,603,000 (One Billion, Twenty Million, Six Hundred and Three Thousand Naira) to ₦122,439,000 (One Hundred and Twenty-Two Million Four Hundred and Thirty-Nine Thousand Naira) and the amount by which the share premium account is so reduced be credited to a Capital Restructuring Reserve Account.”
 - (b). “That pursuant to the Resolutions in paragraph (a) above, the amount of ₦898,164,000 (Eight Hundred and Ninety Eight Million, One Hundred and Sixty Four Thousand Naira) standing to the credit of the Capital Restructuring Reserve Account be applied in writing off the accumulated losses of the Company.”
 - (c). “That the Solicitors of the Company be directed to seek orders of the Court sanctioning the balance sheet restructuring contained in the foregoing resolutions.”
7. “That the terms of, and transactions contemplated by, the Company’s appointment of professional parties in connection with this Resolution, and prior to this Resolution being passed:
 - a. be and are hereby ratified and approved; and
 - b. are in accordance with and do not contravene the Company’s Articles of Association or other constitutional documents or any law or other obligation of the Company, and that the performance of obligations pursuant to the appointment of such professional parties, on behalf of the Company, be and are hereby ratified and approved.”
8. “The Directors be and are hereby authorised to enter into any agreements, execute any other documents and to appoint such further professional parties as the Board may deem necessary for or incidental to effecting the foregoing resolutions.”
9. The Board and the Company Secretary be and are hereby authorised to do all such acts, deeds, matters and things as the Board may deem necessary for or incidental to effecting the above resolutions, including without limitation authorising professional advisers to do so on their behalf and complying with directives of any regulatory authority.



NOTES:

1. **PROXY:**

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself. A proxy needs not be a member.

A form of proxy is enclosed and if it is to be valid for the purpose of the meeting, it must be completed and deposited at the Registered Office of the Company at 16, Akanni Doherty Layout (Billings Way), Oregon Industrial Estate, Oregon or The Registrar, Meristem Registrars and Probate Services Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos not less than 48 hours before the time for holding the meeting.

2. **CLOSURE OF REGISTER AND TRANSFER BOOKS**

The Register of members and Transfer Books of the Company will be closed on Monday, 24th February, 2020 and re-open on Thursday, 27th February, 2020 for the purpose of updating the records.

3. **AUDIT COMMITTEE**

In accordance with Section 359(5) of the Companies and Allied Matters Act 1990, all re-nominations in writing of Members for election to the Audit Committee should reach the Company Secretary at least 21 days before the time for holding the Annual General Meeting.

4. **RIGHTS OF SECURITIES' HOLDERS TO ASK QUESTIONS**

Securities' holders have a right to ask questions not only at the meeting but also in writing prior to the meeting and the date prior to the meeting by which such questions must be submitted to the Issuer.

Dated this 20th day of January, 2020

F. I. ONYENEKWE (MRS.)

Company Secretary

FRC/2014/ICAN/00000010082

Registered Office

16, Akanni Doherty Layout (Billings Way)

Oregon Industrial Estate, Oregon.



Mother, you gave me life,
I'll give you love forever

Obron-6

ENRICHED MULTIVITAMINS AND
MINERALS ESSENTIAL FOR
PREGNANT MOTHERS, LACTATING
MOTHERS AND MOTHERS-TO-BE

plus iron



Obron-6, Healthy mother, healthy baby.

SUPPORTED BY:



National Association of Nigeria Nurses & Midwives

www.neimethplc.com.ng





“

South Africa, Angola and Nigeria (the three largest economies in the region) experienced negative growth, remaining well below historical averages and contracting for a fifth consecutive year on per capita basis. Economic activity in Nigeria was lack-lustre, as both macroeconomic policies and business environment remain unconducive to strong domestic demand.



Fellow Shareholders, Distinguished Ladies & Gentlemen, on behalf of the Board of Neimeth International Pharmaceuticals Plc., I welcome you to this 61st Annual General Meeting of our company. It is my pleasure to present the Annual Report for the 2019 financial year.

Neimeth's principal thrust is to contribute significantly to the health and wellbeing of our people through the manufacturing and marketing of pharmaceuticals, animal health, and general healthcare products that are of highest international standards and quality. This has and will always guide our interventions and key business decisions in the company.

Operating Environment

Uncertainty and high volatility characterised the 2019 global economic performance. Trade tensions, particularly between the United States of America (USA) and China, undermined growth. Trade tensions also intensified between the European Union and the US, as President Donald Trump's administration announced it would impose tariffs on a wide range of EU products. Against the backdrop of these uncertainties, the new International Monetary Fund (IMF) Chief Kristalina Georgieva said the global economic downturn had turned into a "synchronized slowdown".

The slow growth affected key sectors of global economy. In particular, it affected public companies and listings, with global IPO proceeds falling by about 22% in Q3, according to data from Price Waterhouse Coopers (PwC). Consequently, the International Monetary Fund reduced its global economic growth forecast to 3.0%, a 30 basis point reduction from its April 2019 outlook, the lowest global economic growth since the 2008-2009 financial crisis.

This "synchronized slowdown" was particularly evident in BRICS countries (Brazil, Russia, India, China and South Africa); each member experienced and is still facing major economic turbulence. India is facing severe economic slowdown. Brazil is growing at only 1.1% with no immediate signs of recovery. South Africa growth rate dropped to 0.8%, with soaring youth unemployment and high debts. China is experiencing slow growth mostly due to the impact of the trade war with the US. Russia is dealing with the US and EU sanctions resulting to low growth rate of 1.1%.

Growth in Sub-Saharan Africa moderated to a slower-than-expected 2.4% in 2019 from a 2.6% growth in 2018. Activity was dampened by softening external demand, heightened global policy uncertainty, and falling commodity prices. Domestic fragilities in several countries further constrained growth.

South Africa, Angola and Nigeria (the three largest economies in the region) experienced negative growth, remaining well below historical averages and contracting for a fifth consecutive year on per capita basis.

In South Africa, growth fell to 0.8%. This weak growth momentum reflected an array of overlapping constraints that included:

- Persistent policy uncertainty
- Constrained fiscal space
- Subdued business confidence
- Infrastructure bottlenecks – especially in electricity supply
- Weakening external demand – particularly from the Euro Zone and China.
-

Economic activity in Angola contracted by 0.7%, as oil output declined for the fourth consecutive year due to lower yields from aging fields and postponed investment in new capacity.

Economic activity in Nigeria was lack-lustre, as both macroeconomic policies and business environment remain un conducive to strong domestic demand. Growth remained broadly unchanged at 2%, as the agricultural sector continued to underperform due to the lingering insurgency in the North East and farmers-herdsmen clashes, while unreliable electricity supply continues to constrain manufacturing activities. The non-oil sector grew by 1.9%, less than growth from the previous year, due to the slow growth of major sectors like manufacturing as well as decline of other key sectors such as trade and real estate. Nonetheless, oil output increased, averaging 1.96 million barrels per day (a marginal increase from the 2018 daily average of 1.86 million barrels) but still below the budgeted output of 2.3 million barrels. This increase necessitated the 6.5% growth of the sector in Q3. The consistent decline in global demand for crude petroleum and the attendant price volatility impacted the economy negatively as the budget deficit margin continues to widen, thereby threatening fiscal sustainability.



The value of the African pharmaceutical market is growing rapidly, but the continent still imports over 70% - 90% of the pharmaceutical products it consumes - compared to 5% for China and around 20% for India. The continent only has about 375 drug manufacturers, mostly in the North African region, South Africa, Nigeria and Kenya. By contrast, China and India are thought to have about 5,000 and 10,000 manufacturers respectively. By 2020, the market could be worth between \$40bn and \$60bn, with over-the-counter, generic and prescription drug demand expected to grow.

Some of these statistics, though negative, throw up notable new opportunities we will push to explore in the coming years.

Results

At the end of the financial year, 30th September 2019, total revenue stood at ₦2,371million, which is a 5% growth from the gross sales revenue of ₦2,269million in 2018. Profit before tax was ₦304million; when adjusted for corporate tax of ₦84million leaves us with profit after tax of ₦220million.

Balance Sheet Restructuring

Your company was unable to declare dividend this financial year under review despite the profit posted therein because the company wanted to avoid payment of cash dividend out of its capital and also to be in tune with regulation. This necessitated the Board coming up with the proposition to restructure the balance sheet of the company.

The restructuring will clear the accumulated losses in the statement of financial position of Neimeth, thus present a healthy state and open windows for dividend declaration in subsequent years to shareholders. Your support to this end is highly solicited to approve the proposal when called upon.

Awards & Recognition

Neimeth won the sectoral leadership award for the healthcare (pharmaceuticals) sector of the Nigerian Stock Exchange (NSE) at the 2019 Pearl Awards night. The award was based on the performance of quoted companies on the Nigerian capital market. Neimeth came top ahead of two other nominees – all leading pharmaceutical companies quoted on the NSE.

Also, our own Pharm. Matthew Azoji was named Business Day / Nigerian Stock Exchange top 25 CEOs in Nigeria in recognition of the performance of the company's shares on the Exchange.

The Pearl Award and others before it are testaments that will motivate the company to strive to do better. Our strategic plan is to move Neimeth from a good company to a great company.

The Board

Since the last Annual General Meeting, there have been some changes in the composition of the Board.

New Appointments

Pharm. Matthew Azoji fully assumed duties as the new Managing Director/CEO of our Company within the year. He joined the Company on February 1st, 2019, a few days before the last AGM. We can all affirm that he started on a stellar note; the Company recorded a year-on-year growth in both turnover and profit for the first time in years. In less than six months he was able to initiate an agenda for a 5-year strategic plan with the full support of the Board and Executive Management, thereby starting the process for vigorous expansion of the Company. This shows his capacity to lead the Company to greater heights. The Board has strong confidence in his leadership and commitment to creating value for all stakeholders. The Board appointed Mrs. Temitayo O. Nelson as the Executive Director, Finance and she assumed duty on 3rd June 2019. Prior to joining Neimeth, she functioned as the Chief Financial Officer (CFO) and Chief Risk Officer (CRO) at Chams Switch Limited, an e-payment company, leading the entire finance and risk management department between 2015 and 2018. She has since supported the company's strategic and operational requirements.

Retirement

The Board approved the retirement of Mr. Christopher U. Mmeje, who was the Executive Director, Finance with effect from October, 2019. Mr. Mmeje joined the company and the Board as Finance



Director in April 2008 and had a successful career serving as Ag. MD/CEO of the company between October 2017 and January 2019.

On behalf of the Board, every shareholder, the management and staff, I wish him the best in his new undertakings and assure him that Neimeth will forever be grateful for the active roles he played in the growth of our company.

Outlook of the coming year

Global growth is expected to edge up to 2.5% this year - a marginal shift from an estimated 2.4% in 2019, as trade and investment gradually recover. Emerging markets and developing economies are anticipated to see accelerated growth of up to 4.1% from 3.5% the previous year. But both trade and overall economic growth prospects remain vulnerable to flare-ups in U.S.-China and US-Euro trade tensions as well as rising geopolitical tensions in the country.

In Sub-saharan Africa, growth is projected to firm to 2.9% in 2020 and strengthen to 3.2% in 2021-2022. The growth pickup is predicated on improving investor confidence in some large economies, a strengthening cyclical recovery among industrial commodity exporters along with a pickup in oil production, and robust growth among several exporters of agricultural commodities.

In Nigeria, growth may increase up to +2.3% and current account deficit expected to persist. Minimum wage payment, new VAT rate and border closure will result in higher inflation. Inflation is expected to hover between 11.4% and 11.9%. We will anticipate widening forex restrictions plus inadequate local supply. Export revenue is expected to decline predicated on falling oil prices.

Strategic Vision for 2020-2024

Irrespective of the seemingly gloomy projected global and local economic outlook, we have articulated an audacious strategic plan that will aid the Company navigate this uncertain economic terrain. Our business objective for this year is to begin gradual expansion of our company's operations – manufacturing and marketing.

In 2019, we began the articulation of strategies meant to drive this vigorous expansion initiative. As a business, we are now better suited to re-enter the lucrative Nigerian Animal Health business, which has very robust volume and profit potentials. We expect to regain a controlling market share in few years. In addition, we plan to aggressively raise the market share of our flagship antiseptic/disinfectant, NCP to become one of the major drivers of the Company's growth both in the short to long term. We shall soon launch a 5-year strategic plan to reposition the company to play a greater role in the wider healthcare industry and ensure good returns on investment for shareholders.

Conclusion

Finally, I want to sincerely thank all our customers, suppliers, investors and shareholders for their support and hard work in 2019. Appreciation must also be extended to members of the Board and the Executive Management Team; whose tenacity and leadership ensure that we continue to live up to expectations and deliver on promises.

I thank each of Neimeth's employees who contribute their talent, energy and commitment to the achievement of our strategic objectives and I look forward to our continued partnership for an exciting year ahead.

Thank you

Dr. A. B. C. Orjiako (OFR)
Chairman of the Board





“

Profit before tax (PBT) for the year grew by 83% against last year with actual figures at ₦304 million and ₦166 million respectively for the two financial years. When adjusted for corporate tax of ₦84million Profit after tax (PAT) grew by 49% from ₦148 million recorded in the 2017/2018 financial year to ₦220 million for the year ended September 30th 2019.

The interesting aspect of this year's result is that your Company as demonstrated in figures 1 and 2; after many years has begun to experience year on year growth in both turnover and profits.



Distinguished Shareholders, our esteemed Chairman and Directors, our greatly valued customers and staff, eminent guests, gentlemen of the press, ladies and gentlemen, I am honoured to present to you, our company's performance for the 2018/2019 financial year. As this is my first year of stewardship, I would like to start by thanking you, esteemed Shareholders, for investing in Neimeth International Pharmaceuticals Plc, and more importantly, for the trust and confidence you have placed in the Board and Management of the Company.

Operating Environment

In aggregate terms, the nation's GDP grew from +2.12% in the second quarter (Q2) of 2019 to +2.28% in Q3 2019. The GDP growth rate across industries improved in Q3 2019 but fell short of the Economic Recovery and Growth Plan (ERGP) target rate of +4.5% for the year. The implication was that the economy had recovered from an earlier recession, but needed a robust growth of above +3% to be ahead of the national population growth rate of which hovered between +2.6% to +3.2%. However, this was not so. 90.86% of GDP growth by Q2 was contributed by non-oil sector which was led by the services sector contributing 54.60% while the oil sector contributed 9.14%. There was a 5.15% year on year growth in the contribution of the oil sector to real GDP growth by end of Q2 2019.

Inflation started trending downwards in Q1 and Q2; in Q3, signs of a reversal was noticed as the Central Bank of Nigeria's (CBN's) restriction on food-related imports started putting pressure on local food prices and other manufacturing inputs. In January 2019, inflation stood at +11.37% and fell to +11.22% by the end of Q2. By July, the aggregate price level growth had slowed to +11.02%. The exchange rate remained relatively stable throughout 2019; with the Inter-bank Foreign Exchange Market (IFEM) and Bureaux de Change (BDC) rates averaging ₦306.95 and ₦359.94 to USD1.00 respectively. Access to foreign exchange for businesses including the manufacturing sector was also good during the year due to its continued availability which was fostered by the policy of Central Bank of Nigeria.

High interest rates, irregular power supply, poor transportation infrastructure, ever changing regulatory regime and persistent security challenges in different parts of the country continue to be major impediments to the growth and development of the manufacturing sector as well as the economy of the nation. These problems contributed significantly to the 0.13% year on year decline in the manufacturing sector seen by the end of Q2 2019 and to the growing unemployment rate now put at over 23% as well as poverty; thereby weakening the purchasing power of the populace. Weak purchasing power in itself has deleterious consequences on the growth and development of business.

Nigeria became one of the 54 countries that have signed the Africa Continental Free Trade Agreement (AfCFTA) that integrated the country into a wider regional market. The Agreement is the second largest in the World in terms of participation covering 54 African countries. The agreement portends some advantages and disadvantages for the local economy – access to the larger continental market is considered the biggest advantage; while influx of low quality (cheap) products to the country that may pose significant challenge to the local manufacturing sector is considered the worst disadvantage. In order to appreciate the degree of apprehension among players in the industry, the Pharmaceutical Manufacturers Group of the Manufacturers Association of Nigeria (PMGMAN) has requested for a ₦300billion support from the Federal Government of Nigeria to enable its members upgrade their manufacturing facilities in order to compete effectively within the larger African market. PMGMAN members are worried that without such preparedness, Nigeria will end up a dumping ground for low quality products instead of becoming a net exporter to the rest of Africa.

In August, Nigeria unilaterally shut its land borders; a move the government said was to check smuggling into and out of the country. It is a laudable objective to stop smuggling because it hurts the



economy of the country. It has also generated considerable socio-economic implications for some of our neighbouring countries like Benin and Niger; who on their own should actually help Nigeria to discourage the illegal activities of smugglers by deliberate policy and not promote it by hinging their economic wellbeing on fallouts of same. On the other hand, it has worsened the congestion of Nigerian ports which led to major delays in the availability of imported raw materials for manufacturing and access of Nigerian export products to the ECOWAS regional market has also been diminished. It is hoped that appropriate actions will be taken by relevant Government agencies to ameliorate the difficulties faced by businesses as result of this policy while ensuring a net gain for the Nigerian economy.

Despite the challenges posed by the business environment, the Board and Management worked assiduously to ensure that your Company thrived to deliver more value to you and other stakeholders.

Healthcare and Pharmaceutical Sector

In 2019, the healthcare sector received only 3.9% from the entire national budget as against the Abuja Declaration of 2001, which recommended 15% for effective running of the sector. There was renewed hope in January 8 when President Buhari rolled out the Basic Healthcare Provisions Fund (BHCPF). The BHCPF is the 1% of federal government's Consolidated Revenue Fund and contributions from donor grants set aside to fund the basic healthcare needs of Nigerians. It is the fundamental funding provision under the National Health Act and was appropriated for the first time in the 2018 budget since the Act was signed in 2014. President Buhari had said at the launch that the disbursement of the fund and implementation of the programme will push the country towards achieving Universal Health Coverage (UHC). This development gave the much-needed boost to strengthen Primary Health Care in Nigeria. Consequently, the National Primary Health Care Development Agency (NPHCDA) in 2018 launched the Primary Health Care Under One Roof (PHCUOR) initiative, with the objective to integrate basic healthcare services under the umbrella of primary health care.

Hopefully, such commendable initiatives will be nurtured to improve overall funding for the health sector, enhance access to health services and others established; all aiming to reduce the current unacceptable level of out of pocket payment for health by Nigerians.

Financial Performance

At the end of the financial year 30th September 2019, the company's gross revenue stood at ₦2,371million against annual sales of ₦2,269million for 2018; representing a 5% growth.

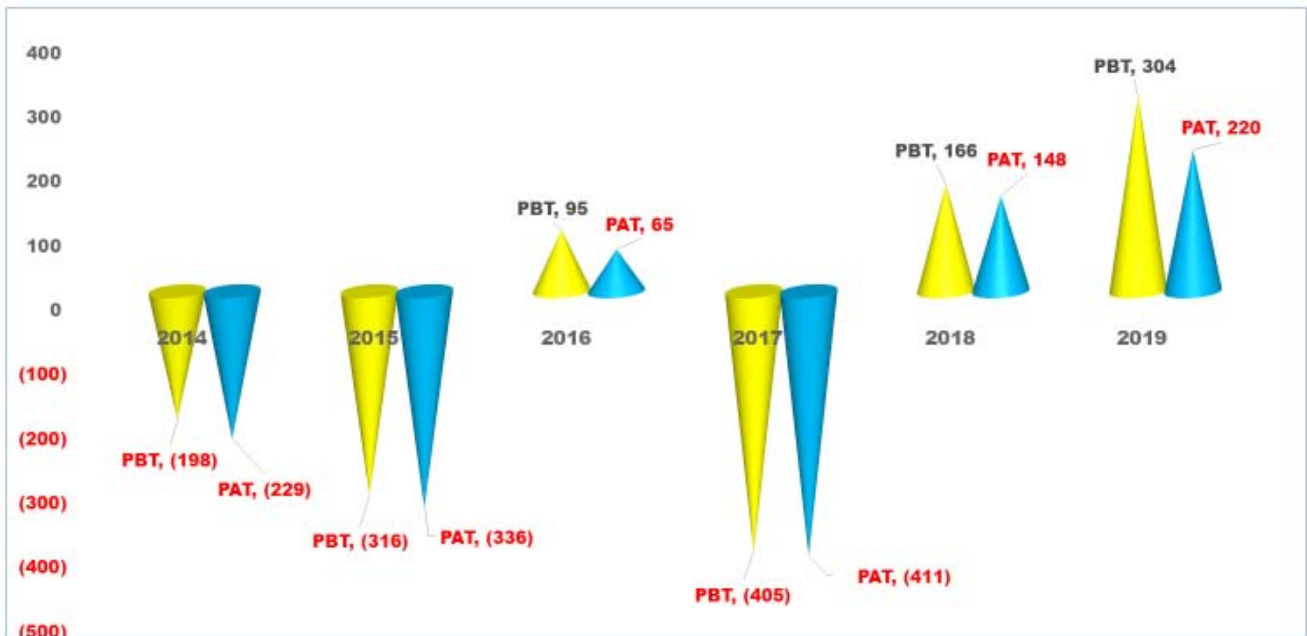
Figure 1: Evolution of Turnover in Millions of Nigerian Naira: 2014 -2019





Profit before tax (PBT) for the year grew by 83% against last year with actual figures at ₦304 million and ₦166 million respectively for the two financial years. When adjusted for corporate tax of ₦84million Profit after tax (PAT) grew by 49% from ₦148 million recorded in the 2017/2018 financial year to ₦220 million for the year ended September 30th 2019.

Figure 2: Evolution of PBT and PAT in Millions of Nigerian Naira: 2014 -2019



The interesting aspect of this year's result is that your Company as demonstrated in figures 1 and 2; after many years has begun to experience year on year growth in both turnover and profits. Your Company was not only able to achieve significant growth in earnings against the preceding financial year; there is also indication that it is moving out of losses into sustainable profitability.

Management has started putting measures in place to significantly reduce the performance volatility and sustain steady growth.

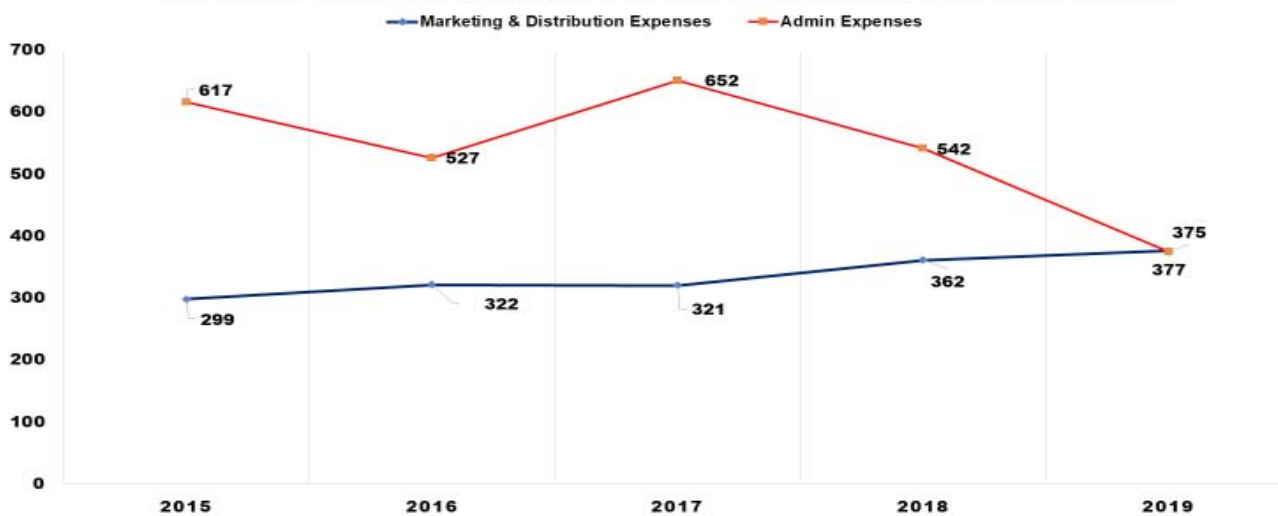
We devised a strategy for matching production with sales, such that production drives sales in as much as sales drives production. We succeeded in reducing the time the finished goods stay in the warehouse before sales, thereby significantly increasing the turnaround time of capital.

Within the year under consideration, the company's manufacturing plant produced total output valued at ₦2,035 million (vs. the ₦1,985 million in FY 2017/2018) representing a 3% growth in value of output but in actual volume output there was a growth of 22% over the preceding year.

The indices show that we have sustained the growth in productivity. More than 89% of sales were manufactured locally while the balance of less than 11% of turnover was on imported finished products. We intend to grow the plant output by a minimum of 70% in 12 months by upgrading the existing facility, improvement of production planning and inventory control and by putting more focus on risk management of plant equipment performance.



FIGURE 3: TREND OF OPERATIONAL EXPENSES IN MILLIONS OF NAIRA: 2015 - 2019



During the year under review Management paid significant attention to cost management in two major ways; namely, reduction of administrative expenses and increased absorption of overhead through enhanced production output from the factory.

The result of that effort was that administrative expenses dropped by ₦167 million representing 45% reduction from the prior year figure of ₦542 million to ₦375 million for 2018/2019 financial year. There was a 4% increase in marketing and distribution expenses which is desirable to increase the demand of the Company's products. Figure 3 shows the trend of operational expenses for last five years, with sustained decrease in administrative expenses and slight increase in marketing and distribution expenses. In the next strategic plan of the Company more emphasis will be placed on further dropping of administrative expenses while on the other hand there will be more investment in the promotion of products in order to ensure that there is considerable growth in turnover and profits in the years to come.

Fig. 4: Trend of PBT and Overhead Absorption in Millions of Nigerian Naira: 2015 - 2019





Secondly overhead absorption which is a major contributor to profit for a manufacturing company grew by 28% from ₦225 million for the previous year to ₦289 million for the year under review. Figure 4 shows the trend for 5 years demonstrating the relationship between profit before tax (PBT) and overhead absorption. The 3 prior years with the least overhead absorption ended up in losses or little profit while the last 2 years with the highest overhead absorption had much higher profit outcomes.

Property at No 1, Henry Carr Street Ikeja

It was reported during the 2018 Annual General Meeting (AGM) that the Board decided to move all the staff of the Company in 2017 from its former head office at No. 1 Henry Carr Street, Ikeja to the Manufacturing facility in Oregun; principally to reduce overhead cost and to provide a more effective supervision and control of both the manufacturing, selling and marketing processes of the Company. These laudable objectives are being realized as demonstrated in the performance of the Company in the last two financial years. It is important to inform you, our distinguished shareholders that No. 1 Henry Carr Street was leased out to another Company, Euro Mega Nigeria Ltd which currently occupies the premises.

Successful Quality Management System (QMS) and Environmental Management System (EMS) Recertifications

Auditors of Standards Organization of Nigeria (SON) visited the Company recently for QMS and EMS audits. They were recertification audits based on the effective implementation of normative clauses of the requirements of ISO 9001:2015 Standard and ISO 14001:2015 standard for QMS and EMS respectively. Both the QMS and EMS recertifications were approved by SON.

Implementation of the Quality Management System (QMS) enables the Company to delight customers, increase customer trust and confidence, increase market share and reputation, enhance consistency in project success, increase production output, apply best practices and improve business processes. On the other hand, effective implementation of EMS helps the Company to minimize health, safety, environment incidents and reduces reputation risk. It is also now a fundamental requirement in some

tenders and processing of some bank loans; improves regulatory performance thereby lowering risk of fines for non-compliance with environmental legislation and many others.

Above all, effective implementation of both QMS and EMS will empower the Company to deliver greater value to Shareholders and other stakeholders.

Retirees

Management is delighted to report that all legacy pension and gratuity obligations owed all retirees of Neimeth including 3 former Directors which had lingered for many years have now been fully paid.

Outlook for the New Year

In 2020, growth in the Euro zone and US is expected to be weaker. With the January 31st exit of Britain from the EU, there is a growing concern of unfavourable trade deal with the EU, which is expected to account for slower than projected growth in the Euro zone. Geopolitical tensions will most likely disrupt the global supply chain. There will be potential tighter financial conditions with considerable adverse impact on vulnerable economies. Oil prices are likely to average \$57.9 from an average of \$61.8 per barrel in 2019 - oil futures contracts indicate that Brent prices will gradually decline to \$55 per barrel over the next five years. BRICS member countries will nearly account for 50% of world's economic growth as China is expected to be the main driver of growth in the year; though the full impact of the coronavirus epidemic on the Chinese and global economies is yet to be fully determined. The virus is already altering supply chains and disrupting companies across the world including our own. Economic experts have opined that the current level of disruption is manageable if the epidemic is brought under control; otherwise the upsurge in economic damage in China and the rest of the world will be rapid.



Nigeria's economy will continue its gradual recovery as GDP growth is expected to edge up to +2.3%; though still below the potential growth rate of +3.1%. Inflationary pressure will persist due to supply constriction resulting from the land borders closure, with direct impact on food prices. Again, CBN's reaction to continued pressure on the FX (higher than average money supply) may keep the core inflation sub-index higher. In all, we expect the headline inflation rate to average 11.9%, higher than 11.4% in 2019, while the benchmark interest rate (MPR) may remain unchanged. We imagine that the CBN will sustain its recent framework of heterodox policy mix until conditions necessitate policy normalization; hence, interest rates in the fixed income market may remain low, especially in Q1 of 2020.

The Federal Government presented for the first time the Finance Bill alongside the 2020 Budget, which made provisions for the increase of the national Value Added Tax (VAT) to 7.5%. The Bill got a speedy passage in the National Assembly and was subsequently signed into law. The new VAT regime took effect from February 2020. With the expected decline in crude oil prices, government will place more emphasis on alternative sources of revenue (taxes) for funding the 2020 budget. This is expected to increase the cost of business and put more pressure on the lean pockets of many Nigerians due to rise in prices of goods and services.

Nigeria now ranks 131 in the world on ease of doing business (moved up 15 places from its 2019 position) and has been tagged as one of the most improved economies in the world. The improvement reflects the ongoing reforms by the Federal Government towards improving the business environment.

Strategic Direction for 2020 - 2024

Having fully recovered from the 2017 fire disaster, which is evident in two consecutive years of profitability, our strategic focus this year will be to initiate bold and gradual expansion initiative that will see our Company playing more in the broader healthcare space. We; the Board and Management are about to complete a 5-year strategic plan that will guide our vigorous expansion programme – culminating in the upgrade of the current Oregun factory, development of new manufacturing facilities and expansion of our marketing drive to Sub-Saharan Africa. The strategic goals of this plan will be fully unveiled shortly.

To achieve the bold objectives being enunciated, we will make sizeable investments in the course of the five-year period. We might call on you for support (in terms of additional investments) to help us achieve the new targets. For my colleagues and I on the Board, we are very optimistic, even as we recognize the ever-increasing competition and other notable constraints in the industry. We are confident the set targets will be realized and the future of the Company is bright.

Appreciation/Conclusion

My utmost appreciation goes to our esteemed customers, who are the essence of our corporate existence. To you, esteemed Shareholders, I say thank for your unflinching support and faith in our company. I am deeply grateful to the Board whose oversight and guidance remain the bedrock of our strength. My heartfelt gratitude goes to my colleagues for their commitment to our promise of delivering value to all stakeholders. Above all we are most grateful to God for His Grace and Power. We are making noteworthy progress in our journey, but like you all know, we still have lots of grounds to cover and we will not rest until we are *"the leading innovative healthcare provider out of Africa"*.

I am confident that we will achieve greater milestones in 2020, as we look forward to delivering superior returns to you at all times.

Thank you.

Pharm. Matthew AZOJI, FPSN, FPCPharm
Managing Director/CEO



EXECUTIVE MANAGEMENT TEAM



Pharm. Matthew O. Azoji
Managing Director / CEO



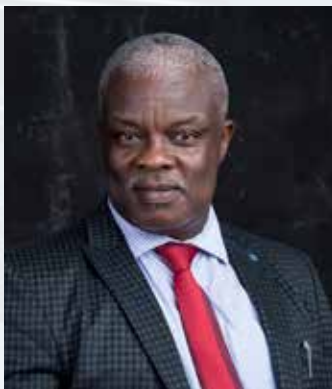
Pharm. Mrs. Roseline A. Oputa
Executive Director
Sales and Marketing



Mrs. Temitayo O. Nelson
Executive Director - Finance



Mr. Isaac O. Igbanoi
Director of Administration



Mr. Adekunle A. Adebowale
Plant Business Manager



Mrs. Florence I. Onyenekwe
Company Secretary / Chief
Compliance Officer



Mr. Ijezie M. Emedosi
Head of Legal



The intent of this report is to show how the affairs of Neimeth have been directed and controlled by the Board and to outline the corporate governance approach of the Board and activities that took place during the 2018/2019 financial year.

The Board is accountable and responsible to security holders for the performance of the Company's business. It defines the Company's strategic goals and ensures that the Company is well managed as it oversees and supports Management in its day to day running of the business.

The primary responsibility for ensuring good corporate governance in the Company lies with the Board, and it is committed to ensuring that the Company meets high standards of performance and governance in conducting its business. It is this commitment to high ethical conduct and best practices that has necessitated the practice of regularly reviewing our processes in order to align them with the applicable laws, rules and regulations in Nigeria, In particular, the Companies and Allied Matters Act (CAMA), Nigerian Securities and Exchange Commissions' Rules and Regulations on Code of Corporate Governance for public companies in Nigeria 2011(SEC Code) and the requirements of the 2018 Nigerian Code of Corporate Governance.

THE BOARD AND ITS COMMITTEES

The Board at all times aspires for excellence in governance standards, and in carrying out its responsibilities and duties as provided for in the applicable laws, rules and regulations and is supported by the Company Secretariat, headed by the Company Secretary/Chief Compliance Officer who advises and gives guidance to the Board. The Board is also supported by members of the Executive Management team to get appropriate information concerning the business. To aid Board effectiveness and full participation in decision making at Board and Committee meetings, Board papers are circulated in advance of such meetings. This also makes for robust discussions and well informed decision making. Where necessary, Board members are entitled to obtain independent professional advice at the Company's expense.

In performing its role, the Board is required to work as a team and meet on a regular basis. The Board is required to have a minimum of 4 Board meetings every year. The record of meeting attendance of the Board and its Committees in the year under review is contained in this report.

BOARD COMPOSITION

The Board in line with relevant provisions is of a sufficient size relative to the scale and nature of the Company's business, and is composed in such a way that ensures diversity of experience without compromising independence, compatibility, integrity and availability of members to attend meetings.

The Board is comprised of a mix of Executive and Non-Executive Directors, headed by a Non-Executive Director who provides leadership as Chairman of the Board. The majority of Board members are Non-Executive, one of which is an Independent Director. The Non-Executive Directors are independent of Management and exercise their judgment as Directors without any constraint.

All Directors are selected on the basis of certain core competencies, as well as knowledge, experience, integrity, diversity, leadership, reputation and ability to understand the company's business.

BOARD CHANGES

The Company's Articles of Association provides that the Company's Board shall consist of not more than thirteen directors. At the beginning of the 2018/2019 financial year, the Board comprised of 10 Directors, 8 of which were Non-Executive, with 2 Executive Directors. However, in the course of the year, two new Executive Directors were appointed. Pharm Matthew O. Azoji assumed office on the 1st of February 2019 and his appointment was ratified by members at the Annual General



Meeting of 6th February 2019, while Mrs Temitayo O. Nelson was equally appointed as Executive Director, Finance on the 14th of May, 2019, but assumed office on the 3rd of June, 2019. Her appointment will be ratified at the 2020 Annual General Meeting.

THE ROLE OF THE BOARD

The Board has adopted a Board Charter which sets out the role, responsibilities, structure and processes of the Board.

Specific matters reserved for the Board or its committees include:

- Composition of the Board and its Committees
- Approval of top executive appointments and top management succession plans
- Top management terms of employment
- The appropriation and distribution of profits
- Approval of Strategic plans
- Monitoring of information on major risks and exposures and final decisions regarding those exposures
- Acquisitions, disposals, mergers and joint ventures
- Major organizational or corporate changes
- Periodic and regular review of actual business performance relative to established objectives.
- Oversight of company operations
- Remuneration of executive directors
- Induction and training of new directors

SEPARATION OF THE POSITION OF CHAIRMAN AND MANAGING DIRECTOR

The positions of the Chairman of the Company and the Managing Director/CEO are occupied by separate persons. The MD/CEO is responsible for the day to day running of the Company.

RECORD OF DIRECTOR'S ATTENDANCE

In accordance with Section 258(2) of the Companies and Allied Matters Act Cap C20 LFN 2004, the record of Directors' attendance at board meetings during the year is available for inspection at the Annual General Meeting. The meetings of the Board were presided over by the Chairman. Written notices of Board meetings were circulated along with relevant Board papers, and minutes of meetings were appropriately recorded by the Company Secretariat team.

BOARD MEETINGS

The Board met at least once every quarter, however, an emergency meeting was scheduled to consider matters requiring the attention of the Board prior to the scheduled meeting for the next quarter. Meeting dates and attendance of each Director is reflected below.





S/No	Membership	Status	Meetings						Total No. attended
			26 th Nov. 2018	6 th Feb. 2019	25 th Apr. 2019	14 th May. 2019	30 th July 2019	28 th Oct. 2019	
1	Dr. A.B.C. Orjiako	Non-Executive Director/ Chairman	✓	✓	✓	✓	✓	✓	6
2.	Pharm. M. O. Azoji	Executive Director / MD/CEO	N/A	✓	✓	✓	✓	✓	5
2	Mr. C. U. Mmeje	Executive Director	✓	✓	✓	✓	✓	✓	6
3	Mazi S. I. Ohuabunwa	Non-Executive Director	✓	x	✓	✓	✓	✓	5
4	Prof. M. M. Iwu	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
5	Engr. G. E. Omene	Non-Executive Director	✓	✓	✓	x	✓	✓	5
6	Prof. E. N Sokomba	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
7	Mr. T. T. Osobu	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
8	Sir I. T. Onyechi	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
9	Mrs. R. A. Oputa	Executive Director	✓	✓	✓	✓	✓	✓	6
11.	Mrs. B. O Odunewu	Independent Non-Executive Director	✓	✓	x	x	✓	✓	4
12.	Mrs. T. O. Nelson	Executive Director	N/A	N/A	N/A	N/A	✓	✓	2

*N/A – Not on the Board at the time of the meeting

COMMITTEES OF THE BOARD

The Board has 5 Standing Committees through which its duties and responsibilities are undertaken, as spelt out in the Committee's Terms of Reference. Committees are free to seek independent professional advice at the expense of the Company, subject to the approval of the Board.

Finance & Budget Committee

At the beginning of the financial year, the Committee consisted of three members. However, the Committee was reconstituted in February 2019, at which time the Committee became a four man Committee. Only Non-Executive Directors are members of the Committee. However, its meetings are attended by relevant members of the senior management of the Company, inclusive of the Executive Director, Finance and MD/CEO



The resolve of the Committee is to assist the Board in fulfilling the financial oversight responsibilities of the Board and in overseeing Management’s administration of Neimeth on the under listed matters:

- i. Financial sustainability;
- ii. Feasibility and suitability of strategic financial decisions;
- iii. Periodic corporate financial health checks;
- iv. Operating, capital budgets and business planning;
- v. Review of quarterly unaudited financial statements and annual audited financial statements reports
- vi. Capital expenditure (CAPEX) requirements including freehold/leasehold properties, plant and equipment; control of fixed asset and stock;
- vii. Corporate financing, treasury management, banking relations, corporate account signatories’ designation borrowing and investments requirements;
- viii. Contracts, agreements, commercial arrangements and Financial risk management oversight.

The Committee met four times during the financial year to discuss issues related to its Terms of Reference. Meeting dates and attendance of each Director is reflected below.

S/No.	Membership	Status	Meetings				Total No. Attended
			14 th Nov. 2018	18 th Apr. 2019	23 rd Jul. 2019	17 th Oct. 2019	
1.	Mrs B. O. Odunewu	Chairman	NA	x	✓	✓	2
2.	Engr. G. E. Omene	Member	✓	✓	✓	✓	4
3.	Prof. E. N Sokomba	Member	✓	N/A	N/A	N/A	1
4.	Sir. I. T. Onyechi	Member	N/A	✓	✓	✓	3
5	Mr. T. T. Osobu	Member	N/A	✓	✓	✓	3

*N/A – Not a member of the Committee at the time of the meeting.

Establishment/Remuneration Committee

The Committee was reconstituted in February 2019, and during the financial year in view, was made up of three members, all of which are Non-Executive Directors.

The Terms of Reference of the Committee include:

- Review of overall performance of staff
- Review of overall welfare of staff
- Review and recommend remuneration and compensation for staff with performance target to Management
- Review and make recommendations for the drafting of a remuneration policy for Directors and Senior Management
- Review Human Resource policies and procedures, and make recommendations to the Board
- Review existing disciplinary actions and procedures



- Review and make recommendations to the Board on the organizational structure of the Company.
- Ensure a robust succession plan for the Company
- Review and make recommendations on the Remuneration Policy for Directors and Senior Managers, and when necessary, recommend specific remuneration review/ adjustments for Senior Managers and Directors including Non-Executive Directors.
- Review adequacy of skills, talents and competencies of staff and make recommendation to the Board.

The Committee met three times during the financial year to discuss issues related to its Terms of Reference. Meeting dates and attendance of each Director is reflected below

S/No.	Membership	Status	Meetings			Total No. Attended
			1 st Apr. 2019	22 nd Jul. 2019	21 st Oct. 2019	
1	Mazi S.I Ohuabunwa	Chairman	✓	✓	✓	3
2	Mr. Thomas T. Osobu	Member	✓	✓	✓	3
3	Engr. G. E. Omene	Member	✓	✓	✓	3

Innovation/Strategy

Neimeth has as one of its core values – Innovation, as this is crucial to the continuing success of any organization. The scope of work of the Innovation and Strategy Committee is thus to advise the Board of Directors on Innovations for the continuing growth and profitability of the Company, as well as strategies to achieve set objectives.

The Terms of Reference are broadly divided into:

- i. Providing direction on the Company’s research and development programme
- ii. Reviewing the strategic plan of the Company and the effectiveness of its operational plan in accomplishing the vision and mission of the Company.

The Committee is made up of four Non-Executive Directors, and they met four times during the 2018/2019 financial year. Meeting dates and attendance of each Director is reflected below.

S/No.	Membership	Status	Meetings				Total No. Attended
			27 th Nov. 2018	3 rd Apr. 2019	24 th Jul. 2019	30 th Oct. 2019	
1	Prof. M. M. Iwu	Chairman	✓	✓	✓	✓	4
2	Mazi S.I Ohuabunwa	Member	✓	✓	x	✓	3
3	Mr. T. T. Osobu	Member	✓	✓	✓	✓	4
4	Sir I. T Onyechi	Member	✓	✓	✓	✓	4

Investments and capital expenditure including borrowing limits and authorization are agreed with the Board.

Corporate Governance and Compliance Committee

The Committee was constituted in February 2019, and is made up of four Directors, all of which are Non-Executive Directors. The Committee is responsible for monitoring, reviewing and enhancing the Corporate Governance practices of the Company.



The Terms of Reference of the Committee include:

- i. To address all corporate governance issues to ensure compliance;
- ii. To review the corporate governance practices of the Company and ensure that they are up to date and in compliance with relevant regulatory and legal provisions and best practices;
- iii. Establish the criteria for Board and Board Committee memberships, review candidates qualifications and any potential conflict of interest, assess the contribution of current Directors in connection with their re-nomination and make recommendations to the Board;
- iv. Prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- v. Periodically evaluate the skills, knowledge and experience required on the Board;
- vi. Make recommendations on experience required by Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- vii. Review and make recommendations to the Board for approval of the company's organizational structure and any proposed amendments;
- viii. Ensure that the Board conducts a Board evaluation on an annual basis; and
- ix. To make recommendations to the Board on any changes as necessary to the corporate governance practices of the Company.

The Committee has met three times since inception. Meeting dates and attendance of each member is reflected below.

S/No	Membership	Status	Meetings			
			3 rd Apr. 2019	23 rd Jul. 2019	17 th Oct. 2019	Total No. Attended
1	Mr. T. T. Osobu	Chairman	✓	✓	✓	3
2	Mrs B.O. Odunewu	Member	✓	✓	✓	3
3	Mr. M. M. Iwu	Member	✓	✓	✓	3
4	Prof E. N. Sokomba	Member	✓	✓	✓	3

Risk/Health/Quality Assurance Committee

This Committee was constituted in February 2019, during the course of the 2018/2019 financial year and is constituted of six Directors, five Non-Executive Directors and one Executive Director. However, its meetings are attended by relevant members of the senior management of the Company. The Committee is responsible for assisting in the oversight of the risk profile, risk management framework and the risk reward strategy determined by the Board.

The Terms of Reference of the Committee include to:

- i. Review and approve the Company's risk management policy, including risk appetite and risk strategy;
- ii. Oversee the establishment of management framework that defines the company's risk policy;



- iii. Ensure risk management is integrated into the day-to-day operations of the business and provide guidelines and standards for administering the acceptance and on-going management of the risk;
- iv. Undertake at least annually a thorough risk assessment covering all aspects of the Company's business;
- v. Obtain and review periodical relevant reports to ensure on-going effectiveness of the Company's risk management framework;
- vi. Ensure the Company's risk management policies are disclosed in the annual report;
- vii. Review the adequacy and effectiveness of risk management and controls;
- viii. Oversee management processes for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- ix. Ensure periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- x. Review and recommend for the approval of the Board, risk management procedures and controls for new products and services;
- xi. Review Neimeth's level of compliance with applicable laws and regulatory requirements including those that may impact Neimeth's risk profile;
- xii. Receive reports from, review with, and provide feedback to, senior management on the categories of risk that Neimeth faces, including credit, market and operational, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and management's views on the acceptable and appropriate levels of those risk exposures;
- xiii. Review Neimeth's credit, market, liquidity and operational risk management frameworks, including significant policies, processes and systems that senior management use to manage risk exposures, as well as risk measurement methodologies;
- xiv. Review procedures and controls for any new business acquired or developed by Neimeth;
- xv. Receive Information from the Executive Director – Finance, Executive Director – Manufacturing, Director of Sales & Marketing, Internal Control Unit, Company Secretary and others from senior management, Neimeth's Independent auditors, regulators and external consultants as appropriate, regarding matters relating to risk management;
- xvi. exercise oversight over the process for the identification and assessment of risks across the Company, and the adequacy of prevention, detection and reporting mechanisms;
- xvii. Review the adequacy and frequency of risk reporting to the Board;
- xviii. Review the companies policies and procedures for detecting fraud and prevention of bribery, including review of the Company's whistleblowing policy and procedures;
- xix. Evaluate the effectiveness of Neimeth's policies and systems for identifying and managing



environmental, health and safety risks within its operations;

- xx. Assess the policies and systems within Neimeth for ensuring compliance with environmental, health and safety regulatory requirements etc.;
- xxi. Evaluate the effectiveness of Neimeth’s policies and systems for identifying and managing quality assurance risks within its operations;
- xxii. Assess the policies and systems within Neimeth for ensuring compliance with quality assurance regulatory requirements etc.;

The Committee has met three times since inception. Meeting dates and attendance of each director is reflected below.

S/No.	Membership	Status	Meetings			
			17 th Apr. 2019	22 nd Jul. 2019	22 nd Oct. 2019	Total No. Attended
1	Sir I. T. Onyechi	Chairman	✓	✓	✓	3
2	Mrs B.O. Odunewu	Member	✓	X	✓	2
3	Mazi S. I. Ohuabunwa	Member	✓	✓	✓	3
4	Prof E. N. Sokomba	Member	✓	X	✓	2
5	Sir G. E. Omene	Member	x	X	x	Nil

*N/A – Not a member of the Committee at the time of the meeting.

AMAWBIA PROJECT COMMITTEE

This is an ad-hoc Committee of the Board, set up for the special purpose of advising on and overseeing the construction of a new cGMP compliant manufacturing plant for NCP liquid antiseptic and oral liquid line in Amawbia, Anambra State. The Committee is made up of Non-Executive Directors. Meeting dates and attendance of each Director is reflected below.

S/No.	Membership	Status	Meetings					
			23 rd Nov. 2018	1 st Jan. 2019	23 rd Apr. 2019	29 th Jul. 2019	29 th Oct. 2019	Total No. Attended
1	Sir I. T Onyechi	Chairman	✓	✓	✓	✓	✓	5
2	Mazi S.I Ohuabunwa	Member	✓	✓	✓	✓	✓	5
3	Mr. T. T. Osobu	Member	x	✓	✓	✓	x	3
4	Mrs. B. O. Odunewu	Member	✓	✓	✓	✓	✓	5

*N/A – Not a member of the Committee at the time of the meeting.

AUDIT COMMITTEE

The statutory Audit Committee comprises six members, three shareholders’ representatives and three Board representatives. In accordance with section 359(4) of the Companies and Allied Matters Act CAP C20 LFN 2004, the following members and Directors were elected and nominated pursuant to Section 359(5) of the said Act and will serve on the Committee up to the conclusion of year 2019 Annual General Meeting.

**Members of the Committee with meetings attended**

S/ No	Membership	Status	Meetings					Total Number Attended
			23 rd Jan. 2019	24 th Apr. 2019	26 th July 2019	4 th Sept. 2019	23 rd Oct. 2019	
1	Dr. M. O Ojinka	Chairman/S.Rep	✓	✓	✓	✓	✓	5
2	Aare K. Danjuma	S/holders Rep.	✓	✓	✓	✓	✓	5
3	Jinadu Mustapha I.	S/holders Rep.	✓	✓	✓	✓	✓	5
4	Engr. G. E. Omene	Director	✓	✓	✓	✓	✓	5
5	Sir T. I. Onyechi	Director	✓	✓	✓	✓	✓	5
6	Thomas T. Osobu	Director	✓	✓	✓	✓	✓	5

The functions of the committee are provided in section 359(6) of the Companies and Allied Matters Act Cap C20 LFN 2004 (CAMA)

ROTATION OF DIRECTORS

In compliance with S. 259 of CAMA Cap C. 20 LFN 2004 on rotation of Directors, the Directors retiring from office by rotation, by virtue of the fact that they have been longest in office since their last election, and who will be eligible to seek re-election at the next AGM are:

1. **Prof E. N. Sokomba**
2. **Mrs. R. A. Oputa**
3. **Mrs. B. O. Odunewu**

DISCLOSURE OF AGE

Engineer Godwin Eyarubere Omene, in compliance with S.252(1) of CAMA C.20 LFN 2004, hereby discloses to the members of the Company that he is over 70 years of age.

Similarly, Prof. Elijah Ndajiya Sokomba hereby discloses that he is over 70 years of age.

Mr. Thomas Tunbosun Osobu also discloses that he is over 70 years of age.

WINNER OF THE SECTORAL LEADERSHIP AWARD AT THE 2019 PEARL AWARDS, ENDORSED BY THE SECURITIES & EXCHANGE COMMISSION

Neimeth emerged as winner of the prestigious Sectoral Leadership Award – Healthcare (Pharmaceuticals) in the 2019 PEARL AWARDS held on the 24th November, 2019, for companies quoted on the Stock Exchange.

The basis of the award was the recognition of Neimeth's outstanding operational and stock market performance in the 2018 year of assessment. The results, based on verifiable facts and figures are acquired from the financial reports of companies as presented at AGMs, NSE daily listing and the NSE 52-week trading reports.

The Performance Earnings And Returns Leadership (PEARL) Awards was instituted in 1995, as a private sector, not-for-profit, non-partisan and Non-Governmental Organization initiative to reward companies quoted on the Nigerian Stock Exchange for outstanding operational and stock performance; thereby enhancing the vibrancy, growth and development of the capital market. The cardinal objective of the Awards Project is to be a reference point for investors and all stakeholders of the Nigerian Capital Market.



TOP 25 CEOs AWARDS ORGANIZED BY BUSINESSDAY AND THE NIGERIAN STOCK EXCHANGE

The Managing Director/CEO of Neimeth International Pharmaceuticals Plc., Pharm. Matthew Azoji was selected for recognition at the Top 25 CEOs Awards jointly organized by Business Day and the Nigerian Stock Exchange in May, 2019, in recognition of stellar performance on the Nigerian Stock Exchange.

The Top 25 CEOs Awards is a benchmark event for the recognition of Chief Executive Officers of public companies who have created sustainable market-beating value for their shareholders, driven by strong fundamentals and disciplined execution of strategy. It also presents a peak opportunity to promote and acknowledge the excellence of these entrepreneurial leaders, who typify the best of business values in Nigeria.

Winners of the award are adjudged according to their consistent commitment to corporate governance and strict compliance with government regulations in their operations.

BOARD APPOINTMENT PROCESS

The Board's appointment process is as follows:

- i. Analysis of the requirements of the position in the case of an Executive Director
- ii. Receipt of recommendations/nominations/applications by the Nomination Committee
- iii. Background check along with the screening of nominee's CV to ensure appropriate balance of skills, experience and knowledge
- iv. Evaluation of the candidates to be carried out through oral interview or other means (This evaluation and background check as mentioned above may be conducted by external consultants if considered appropriate)
- v. Shortlisted candidates to be reviewed by the Committee on a one-on-one basis
- vi. Recommendations of the Committee shall be made to the Board through the Chairman
- vii. A chat shall be conducted with the nominee(s) by the Chairman and other members of the Board if need be
- viii. Appointment of successful candidates shall be ratified at the meeting of the shareholders.
- ix. In the case of an Independent Director, the Board shall satisfy itself that the person proposed to be appointed fulfills the specified regulatory conditions and is independent of the Management.
- x. Where there is disagreement among the interview panelists as to the success of a candidate, the majority view shall prevail.
- xi. The appointment of a Director shall be formalized through a Letter of appointment.

UNCLAIMED DIVIDEND

Total unclaimed dividend fund in the company stood at approximately ₦14,675,009.72 as at 30th September, 2019.

Shareholders are strongly advised to contact the Company Registrar or the Company Secretary to retrieve their unclaimed dividends.

RELATIONS WITH SHAREHOLDERS

The Company remained committed to the sustenance of good relationship with its shareholders and continued to maintain good level of communication, such as the Annual General Meeting organized to interact with them. Regular disclosures were made through the Company's website.



COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company is committed to absolute compliance with the SEC Code of Corporate Governance (the Code) and under the leadership of the Board; it ensures that the Company's business and practices are guided by the Code, all relevant rules and regulations and best practices. However, compliance is a continuum and by virtue of the annual SEC Score Card (Corporate Governance report for public companies) submitted to the Securities and Exchange Commission, the progress of the Company in complying with the provisions of the Code is monitored.

Neimeth has made a lot of progress in complying with Corporate Governance principles, thus its certification as a Corporate Governance Rated Company (CGRS).

We remain committed to improving on our compliance with the Code, until we reach a position of total compliance.

NEIMETH'S SECURITIES TRADING POLICY

- In accordance with Rule 14.1 of the Amendments to the Nigerian Stock Exchange Listing Rules, every Issuer shall establish a Securities Trading Policy which shall apply to all employees and directors of the company, and shall be circulated to all employees that may at any time possess any inside or material information about the Issuer.
- It is pursuant to the above mentioned NSE Rule that Neimeth International Pharmaceuticals Plc.'s Securities Trading Policy is formulated.
- This Policy is designed to ensure compliance with NSE's Rule that no director, person discharging managerial responsibility or adviser of the Company and persons closely connected shall trade in the Issuer's securities during sensitive, restricted or closed periods.
- Having made specific enquiry of all our directors, they have complied with the stipulated standards regarding securities transactions by directors, as enshrined in the policy.
- This policy is available on the company's website (www.neimethplc.com.ng).

NEIMETH'S COMPLAINT MANAGEMENT POLICY

- In accordance with the Securities and Exchange Commission Rules (SEC Rules) Relating to the Companies Management Framework of the Nigerian Capital Market (the Framework) of 16th February, 2015 and the Nigerian Stock Exchange Directive (NSE Directive) (NSE/LARD/LRD/CIR6/15/04/22), every listed company is required to establish a clearly defined Complaints Management Policy to handle and resolve complaints within the scope of the Framework.
- It is pursuant to the above mentioned SEC Rule and NSE Directive that Neimeth International Pharmaceuticals Plc. has formulated a Complaint's Management Policy.
- This Policy is designed to effectively and efficiently handle and resolve complaints in a fair, impartial, timely and objective manner.
- All Complaints shall be addressed to:

The Company Secretary
Neimeth International Pharmaceuticals Plc.
16, Akanni Doherty Layout (Billings Way),
Oregun Industrial Estate.
Oregun.
P.M.B. 21111 Ikeja, Lagos State.
Telephone: +234 815 842 2346, 08033128663
E-mail: info@neimethplc.com.ng or
florence.onyenekwe@neimethplc.com.ng

This Policy is available on the Company's website (www.neimethplc.com.ng).



Pancemol[®]

Paracetamol Tablets 500mg

Paracetamol Elixir 120mg/5ml

*For fast relief from Aches, Pains,
Cold Symptoms & Feverish Conditions*



- **Dissolves fast**
- **Acts fast**
- **Relieves symptoms fast**

Always read product leaflet. If symptoms persist after 3 days, consult your Doctor



Neimeth Manufacturing Plant, 16 Akanni Doherty Layout Oregun Lagos, Nigeria. Tel: 08151491935. Customer Care: 09032643202 Email: info@neimethplc.com.ng. www.neimethplc.com.ng



Neimeth International Pharmaceuticals Plc. (“Neimeth or “the Company” formerly known as Pfizer Products Plc. was established in 1957. It is the resultant Company of the successful Management-Buy-Out of the 60% equity holding of Pfizer Inc. New York, USA. This Management-Buy-Out took place in May 1997 when Pfizer Inc. in pursuit of its global re-positioning strategy, divested its equity in Pfizer Products Plc. in favour of the existing Management.

Prior to the name change, Pfizer had operated in Nigeria for 40 years, manufacturing, marketing, and distributing Pfizer brands of pharmaceutical and veterinary products in tablets, capsules, ointment/cream, powder, injectables and liquid forms. During the 40 year period (1957-1997), the company established the first Pharmaceutical Manufacturing plant in Nigeria at Aba, which was destroyed during the Nigerian civil war. It then set up and opened the most modern pharmaceutical plant in the West African sub-region in 1976 at Oregun, Lagos. These represent great milestones for a company that started as a trading venture in 1957 at a location in Ebute-Metta, Lagos.

Neimeth has the vision to be the leading innovative healthcare provider out of Africa

MARKETS, PRODUCTS & DISTRIBUTION

THE NIGERIAN PHARMACEUTICAL MARKET

Pharmaceutical companies in Nigeria are up against several constraints, including challenges posed by infrastructural decay, government policies, sub optimal marketing, low capacity utilization, spiraling cost of business as a result of the high cost of inputs, low involvement in effective research and development etc. However, these pharmaceutical companies remain vibrant, with over 115 registered pharmaceutical manufacturers which in addition to providing dependable high-quality pharmaceutical products to medical professionals and patients in various communities in Nigeria and West Africa, have also contributed immensely to the economic growth of the nation.

Prior to the inception of drug manufacturing in the 1960s, pharmaceutical companies in Nigeria were dependent on large-scale importation of pharmaceuticals. Presently, some of these companies’ manufacture various pharmaceutical dosage forms that cut across various therapeutic classes such as analgesics, anti-malarials, antibiotics, anti-retrovirals, antacids, haematinics, vitamins and minerals, cough and cold remedies, anti-diarrhoea, antihistamines anti-ulcer, antihypertensive, antidiabetics etc. These products are widely and readily available in registered hospitals, pharmacies and distribution outlets nationwide.

As Africa’s largest economy, most highly populated country, and biggest consumer market, Nigeria has been hailed as the next frontier for pharma.

SALES DEPARTMENT

Neimeth sales and marketing business covers both the human pharmaceutical market and the veterinary market. In order for Neimeth to remain competitive in a very dynamic market such as in Nigeria, it has set operational and strategic business growth objectives. A new business structure came into existence in October 2019 for the purpose of expansion, focus and exploration of new business opportunities to withstand the rapid growing competition in the pharmaceutical market space. The new business structure is divided into four (4) basic Business Units which are (1) Ethical Business (2) Health Care Business (3) Personal Care Business and (4) Veterinary Business, structured into territorial markets for ease of management and control. Each of these Business Units is controlled independently by a Head of Business who is expected to run an individual entity charged with the responsibility of profit for the business.



The various Business Units are expected to target specific business areas which are:

(i) Ethical Business Unit: This Business Unit is expected to focus on the Prescription Only Medicines (POM) segment of the market and achieve high presence, usage and preference of Neimeth brands in hospitals. Products in this business segment require prescription from a healthcare practitioner for the final user to gain access to medication. This therefore requires adequate demand generation through various marketing activities engaged in by the field force in this business unit directed towards health care practitioners. Products in this category cannot be freely advertised in the open and lay media but only in selected medical and pharmaceutical journals/ magazines. Because of its limited advertising, focus is on one on one contact with the target audience who are usually the brand influencers for prescribing to the final users. These ethical brands include our flagship home grown product CIKLAVIT for the management of sickle cell disorder. In addition, products such as Normoretic, Amlovar, Norduet, Flucosyd, Flexodene, Tiocosid and new branded generics are part of the portfolio.

(ii.) Healthcare Business Unit: This Business Unit is focused on the pharmaceutical market segment involving pharmaceutical products that can be sold off the shelf without prescription. These products are referred to as Over the Counter (OTC) Medicines. Products in this business category can be easily advertised in open media such as television, radio, billboards etc. while field force marketing activities for this business category can also be done through professional medium form of demand generation such as clinical meetings and doctor and pharmacy calls. Due to the expanded advertising methods, the Healthcare Business Unit targets prescribers and brand influencers as well as the final consumers. Products sold under this business group include high volume products like Pyrantrin tablets, Pyrantrin suspension, Obron- 6, Homtamin G capsules, Nimartem tablets and Antimal tablets.

(iii) Personal Care Business Unit: This Business Unit is focused on the pharmaceutical market with products that have expanded use beyond pharmaceuticals, such as personal hygiene and health promotion. Most products in this business segment can be sold in pharmacies, supermarkets and other small stores. This gives opportunity for products to penetrate deeply in nook and crannies of the market environment. Products in this Business Unit comprises high volume drivers like NCP, our unique and user friendly brand of Antiseptic and Disinfectant with diverse usage profile. The Personal Care Unit represents a growth arm for the company in consideration of our quest for expansion of our products portfolio and reintroduction of some other products. Other well-known brands like Pancemol tablets our very effective brand of Paracetamol, Pancemol Syrup, Sportgesic Ointment, Gynotiocosid Vaginal Tablets and Tiocosid Cream, are potential volume drivers in this Business Unit.

(iv) Veterinary Business Unit: Neimeth in 1997 re-entered the lucrative Nigerian Animal Health Business, which has very robust volume and profit potentials. We introduced our own brand of poultry and large animal range of anthelmintic, as well as production enhancing medicaments. We also entered into strategic alliances in key disease areas that show great business potentials. We now expect to regain a controlling market share in few years. Products in this business segment include Maluminth Wormer, Piperazine Wormer, Neimycin Chick Formula, Neimycin Egg Formula, Neimycin Neo Soluble Powder, Neimycin Soluble Powder and Neivastress.

MARKETING DEPARTMENT

In order to re-establish the demand generation for all Business Units, the need for marketing support cannot be over emphasized. The need to move from a sales led organization to a marketing led organization was recognized

as a key driver to sustaining the new business model. Marketing-led companies focus on the key initiatives that will sustain growth in the new, buyer-driven environment. Two obvious hurdles that many companies experience during the shift to a marketing-led approach are cultural and financial commitments.



Cultural: Shifting to a marketing-led organization means that everyone not only marketing is to become the “voice of the customer.” That means every employee now works with the company’s and the customers’ best interests in mind.

Financial: This goes beyond internal branding. There must be commitment to investing in the company and its infrastructure in an effort to better serve its customers and create a world-class customer experience and reputation. The Marketing Department aims to align its objectives with the company objectives which include, increased revenue generation, improved ROI at low cost, Develop company’s own brand, Increase company overall product portfolio and deepen market penetration by opening up new channels. In so doing, there are two required strategic elements, which are Corporate Marketing and Product Branding.

Corporate Marketing is the aspect that deals with the company’s brand identity as a whole. Corporate marketing brings about strong corporate brand equity and good will, which has a positive impact in the marketing of the company’s product lines.

Product branding/Marketing is based on individual products marketing for increased demand generation across product distribution channels. Various aspects of the products are considered for proper positioning, demand generation, advertisement and promotions. Certain major tools shall be deployed in meeting up with the set objectives which are, marketing research tools, demand creation, product development tool, advertising & promotional campaign tools and business development tools.

In line with the new focus, a marketing team was set up and is headed by a Head of Marketing. The Marketing Department for the purpose of focus and in order to deploy the tools earlier mentioned has been further divided into four product portfolios that are managed by Product Managers. The product portfolios were designed to bring about specialization in the different product knowledge areas based on therapeutic segments directed towards specific target audience. The four product portfolios are (1) Internal Medicine Product Portfolio (2) Tropical Medicine Product Portfolio (3) Maternal & Child Health Product portfolio and (4) Healthy Living Product portfolio.

- a) **INTERNAL MEDICINE (INTERMED):**
These are products that deal with diseases of the internal organs, Cardiovascular system and chronic illnesses .Products such as Anti hypertensives, blood disorders and others.
- b) **TROPICAL MEDICINES (TROMED):**
These are products that take care of diseases common in the tropics that are recur from time to time. Products in this portfolio include Anti-malarial, Antibiotics and Antifungals.
- c) **MATERNAL & CHILD (MATCH):**
These are products targeted at mother and child health. These products affect pregnancy, lactation and children’s health. Products in this portfolio include Multivitamins for pregnant and lactating mothers, Intermittent Preventive Therapy (IPT) for malaria in pregnancy, Antimalarials and Deworming agents.
- d) **HEALTHY LIVING (HEALTH):**
These are products used on a regular basis for quick remedy, first aid and health promotions. Products in this portfolio include products for stress management, pain, multivitamins and antiseptics/disinfectants

All Neimeth Pharmaceutical Product Portfolios fall into one of these specialty segments. Products are managed to deliver revenue and profits and marketing materials prepared to address these various areas of product segmentation. This also gives opportunity for products to receive adequate attention for the purpose of business growth through product development, product portfolio expansion and others. Product Managers are responsible for providing knowledge based support to sales teams across the



Business Units by providing strategic directions for product demand generation and sales. Some of these include, developing brand plans, developing content for clinical meetings, marketing materials and other related knowledge based supports to aid sales.

ETHICAL BUSINESS UNIT PRODUCTS

S/N	PRODUCTS	NAFDAC NO	ACTIVE INGREDIENTS	THERAPEUTIC SEGMENT/ INDICATION	PRODUCT PORTFOLIO
1	Amlovar Tablet 10mg	A4-0333	Amlodipine 10mg	Anti-Hypertensive	INTERMED
2	Amlovar Tablet 5mg	A4-0332	Amlodipine 5mg	Anti-Hypertensive	INTERMED
3	Ciklavit 200ml	04-2506L	Cajanus Cajan	Nutritional Supplement	INTERMED
4	Co-Amoxiclav 1g Tabs	B4-2496	Amoxicillin + Clavulanic Acid	Antibiotics	TROMED
5	Co-Amoxiclav 228.5mg Susp	B4-2498	Amoxicillin + Clavulanic Acid	Antibiotics	TROMED
6	Co-Amoxiclav 625mg Tabs	B4-2497	Amoxicillin + Clavulanic Acid	Antibiotics	TROMED
7	Flexodene 20mg Capsules	O4-8470	Piroxicam 20mg	Pain relief	INTERMED
8	Flucosyd Capsules 50mg X 3	A4-0333	Fluconazole 50mg	Candidiasis	TROMED
9	Miniplus Tablets X 60	O4-7955	Prazosin/Hydrochlorothiazide	Anti-hypertensive	INTERMED
10	Necotrim Suspension X 60ml	O4-2377	Co-trimoxazole 240mg/5ml	Anti-bacterial	TROMED
11	Necotrim tablets	O4-2117	Co-trimoxazole 480mg	Anti-bacterial	TROMED
12	Norduet 5/12.5mg Tabs	B4- 1744	Amlodipine Besylate 5mg/ Hydrochlorothiazide	Anti-hypertensive	INTERMED
13	Norduet 7.5/12.5mg	B4- 1745	Amlodipine Besylate 5mg/ Hydrochlorothiazide	Anti-hypertensive	INTERMED
14	Normoretic Tablets	O4-3817	Amiloride Hydrochlorothiazide	Anti-Hypertensive	INTERMED
15	Osinex Syrup X 100ml	O4-0085	Chloropheneramine, Phenlephrine, Dextrometorphan, Glycerlguiaolether	Anti-tussive	TROMED
16	Tronid Suspension X 60ml	O4-7729	Metronidazole 200mg/5ml	Ant-protozoa	TROMED
17	Tronid tablet	O4-7784	Metronidazole 200mg	Ant-protozoa	TROMED
18	Unaben Suspension 10ml	O4-9938	Albendazole 200mg	Anthelmintics	TROMED

HEALTHCARE BUSSINESS UNIT PRODUCT

S/N	PRODUCTS	NAFDAC NO	ACTIVE INGREDIENTS	THERAPEUTIC SEGMENT/ INDICATION	PRODUCT PORTFOLIO
1	Obron 6 Caps	O4-1748	Multivitamins/Iron/ Minerals	Pregnancy and Lactation	MATCH
2	Pyrantrin Suspension 250mg/ 15ml	O4-7510	Pyrantel Pamoate	Worm infestation	MATCH
3	Pyrantrin Tablets 125mg X 6 X 25	O4-7511	Pyrantel Pamoate	Worm infestation	MATCH



4	Antimal Tablets	O4-1951	Sulphadoxine/ Pyrimethamine	Malaria Intermittent Preventive Therapy in Pregnancy	MATCH
5	Nimartem Tablets X 24	A4-3524	Arthemether Lumefantrine 20/120mg	Anti-malaria	TROMED
6	Nimartem Qs Tablets	B4-3215	Arthemether Lumefantrine 80/480mg	Anti-malaria	TROMED
7	Hemafolin Caps	A4-2022	Multivitamin /Iron	Hematinic	HEALTH
8	Hemafolin Tonic	A4-4548	Multivitamin /Iron	Hematinic	HEALTH
9	Homtamin Gen Capsules	O4-2555	Multivitamin Ginseng extract/alover extract	Multivitamin/Stress Management	HEALTH
10	Neimelyn Cough Syrup	A4-0503	Diphenhydramine	Anti tussive	MATCH

PERSONAL CARE BUSINESS UNIT PRODUCTS

S/N	PRODUCTS	NAFDAC NO	ACTIVE INGREDIENTS	THERAPEUTIC SEGMENT/ INDICATION	PRODUCT PORTFOLIO
1	N C P Liquid 25ml,50ml,100ml,200ml	O4-8475	Chlorinated Phenols	Antiseptic Disinfectant	HEALTH
2	Pancemol Syrup	O4-2115	Paracetamol 125mg /5ml	Pain and Fever	HEALTH
3	Pancemol Tablets	O4-2116	Paracetamol 500mg	Pain and Fever	HEALTH
4	Gyno-Tiocosid Vaginal Tabs X 3	A4-0705	Tioconazole 100mg	Vaginal Candidiasis	MATCH
5	Tiocosid 1% Dermal Cream 20g	O4-7516	Tioconazole	Antifungal	MATCH

VETERINARY BUSINESS UNIT PRODUCTS

S/N	PRODUCTS	NAFDAC NO.	ACTIVE INGREDIENT	STRENGTH	INDICATION	ANIMAL SPECIE
1.	Maluminths Tablets	04-4870	Morantel Citrate	300mg	Ascaris/Nodular worms in sheep, goat and cattle	Sheep, goat and cattle
2.	Neimycin-Sol Powder Powder (50g)	04-4874	Oxytetracyline	55g/kg	Blue comb, CRD, Infectious synovitis, infectious sinusitis, scours, colibacillosis, corysa, fowl cholera	Birds, Calves and Swine
3.	Neimycin-Neo Sol Powder (50g)	04-4872	Oxytetracyline + Neomycin Sulphate	55g/kg 38.5g/kg	CRD, infectious synovitis, blue comb, early chick mortality, bacterial enteritis	Birds, Calves and Swine
4.	Neimycin – Egg Formula Powder (50g)	04-4875	Oxytetracyline + Essential Vitamins	55g/kg	Drop in egg production	Laying birds
5.	Neimycin – Chick Formula Powder (50g)	04-4873	Oxytetracyline + Essential Vitamins	55g/kg	(i) Reduces early chick mortality (ii) Brooding of chicks	Birds (chicks)



6.	Neiva Stress Powder (50g)	04-4876	Essential Vitamins		(i) Prevents/cures deficiency diseases (ii) Maintain weight gain (iii) Stimulates and maintain egg production	Birds, Rabbits and Swine
7.	Piperazine Suspension (900ml)	04-4871	Piperazine Citrate	17% w/v	Ascaris/ Nodular worms in swine and birds	Swine and birds.

KEY ACCOUNT SEGMENTS: The Key Account Business in Neimeth is structured under two key segments:

1. Retail / Pharmacy Chain stores and Export
2. Government and Parastatals

In the Government segment, healthcare solution programmes like Helminthiasis Elimination Lower Cost Partnership (HELP) and Fight the Good Fight Against Hypertension (FITGAH) are well entrenched.

Business in the Government segment is executed in partnership with Government at all levels (Federal, State and Local), Non-Governmental Organization (NGOs), Professional bodies and Advocacy Groups on shared / lower cost basis.

ECOWAS MARKET

Neimeth is firmly on ground in the Anglophone West African Country of Ghana with renewed focus to expand into other countries such as Benin, Togo, Ivory Coast, Liberia and the Gambia. Our presence in the ECOWAS market is currently limited to pharmaceutical business with key products like Ciklaviv, and NCP already registered.

SALES DISTRIBUTION

80 % of our products are distributed by World Wide Commercial Ventures Ltd. (WWCVL) also known as World Wide Healthcare Ltd with support from our Field Force whilst 20% are distributed by our Field Force. We have depots located in Lagos, Abuja, Ibadan, Onitsha, and Aba. These depots serve as our contact offices in these areas. Currently we have about 65 salesmen that cover all the 36 states of Nigeria. We also have key distributors and wholesalers who represent our interests in areas where our depots are absent. Distributors' names and addresses proximal to any given location can be made available on request by the Sales and Marketing Department. (Customer Care No.: 09032543202)

COMMUNITY SERVICE

Community consciousness is one of Neimeth's core values. To this end, Neimeth as a good corporate citizen has from inception till date engaged in various community-based welfare programmes that confirm its dedication to community health and wellness. The company has contributed significantly in helping to control worm infestation via numerous free de-worming programs and health education.

PYRANTRIN KIDS CLUB (PKC)

One of such health educational strategies is the Pyrantrin Kids Club (PKC). It is a health educational club



for children aged 4-13 years. It has been well documented that children serve as the main transmission link in worm infestation. Membership is spread across the 36 states of the Federation. It has numerous enviable membership benefits like birthday celebrations, scholarships and others. Membership strength is expected to grow in the coming years.

HELP

Another health educational strategy is the Helminthiasis Elimination Lower-Cost Partnership (HELP). This is Neimeth's social engineering programme aimed at improving the health, nutrition and welfare of Nigerians through the eradication of worm burden in our society. Like Pyrantrin Kids Club, it is structured on chemotherapy, sanitation, hygiene and health education. HELP is a mass de-worming partnership programme with NGOs, Governments, States, Ministries of Women and Social Development Outfits at a highly subsidized shared /lower cost.

FITGAH

The next community health educational programme is our "Fight the Good Fight Against Hypertension" (FITGAH). This programme enlightens Nigerians on the dangers of hypertension and diabetes and useful tips on ways to remedy them. It also offers half the price of hypertensive drug to those diagnosed with the health condition. The core of FITGAH programme is to offer free blood pressure check for people and treat identified hypertensive patients.

SMAPEX

Associated with this programme is the Stress Management Programme for Executives (SMAPEX) in which we emphasize the need for stress control by busy executives, to minimize the risk of exposure to insidious diseases like hypertension, diabetes etc.

RBM

The challenges and threats posed by the endemicity of malaria in our communities in Nigeria are well known. The Roll Back Malaria Programme (RBM) has been specially designed to take care of this problem considering that malaria is responsible for about 10% of children's death in hospitals and accounts for high mortality rate in pregnant women at an estimated 40%.

SICKLE CELL CLUB

Neimeth's focus on indigenous research into drugs and medicaments for common African disease ailments led to the discovery and launch of *Ciklavit*, a nutritional supplement for the management of Sickle Cell disorder. Consequent upon this, a well-orchestrated public enlightenment /advocacy machinery was established by the company to handle Sickle Cell disease related issues. Its activities include collaboration to facilitate the setting up of Sickle Cell Clubs in Local Government Areas across Nigeria, facilitating the management of these clubs in collaboration with other NGOs, demystification of the disease among rural communities as well as counseling of young and single people before marriage.

DRF

Neimeth has also put her technical expertise at the service of State Governments in the area of "Drug Revolving Fund (DRF)" management to ensure greater mileage in quality and reach of such state health programmes. Some states are beneficiaries of this medicare enhancement programme. The focus and cost effectiveness of these enlightenment and advocacy programmes make them most beneficial to the recipients and gives the highest visibility to government health programmes at highly subsidized rates.



RESEARCH & DEVELOPMENT

Neimeth has committed a substantial amount of money to Research and Development (R&D) in the recent past. Our effort in this area is double faceted: Internal and External.

Our Internal R&D activities include formulation of new products and re-formulation of existing products to:

- Enhance efficacy
- Create new therapeutic uses
- Increase sales potentials and profitability
- Expand usage extensions

Our External R&D work on the other hand entails working with medical scientists/researchers to develop new products, conduct drug clinical trials and in-vitro drug studies. These drugs could be natural, and/or chemical (synthetic), oral, or parenteral. To this end, we carry out research, working with our indigenous universities based on local raw materials, and focusing on specific disease areas that are generally neglected by global/multinational companies. We seek to provide new local health remedies in these areas at affordable costs. Our first success in this area is *Ciklavit*, the first homegrown natural product for the effective management of Sickle Cell Disease. Our Mission is to expand and grow the exportation of health solutions to other countries while meeting local needs.

MANUFACTURING & CERTIFICATIONS

Neimeth's manufacturing plant is installed to manufacture a wide range of pharmaceutical and veterinary products: tablets, capsules, ointment/creams, oral and consumer liquids, powders, and others in diverse packaging presentations.

The manufacturing plant is Good Manufacturing Practice (cGMP) compliant, as it is certified by NAFDAC and licensed to manufacture pharmaceuticals by the Pharmacist Council of Nigeria (PCN). The Plant is also equipped with in-house water treatment facility with de-ionization and distillation capabilities. We make continuous efforts in upgrading our plant and this is evident by our periodic restructuring and upgrading of the equipment and machineries to accommodate new opportunities that have emerged in form of excess capacity utilization for contract manufacturing, product customization and product analysis.

To further expand our manufacturing capabilities, Neimeth has also officially kicked off the construction of its Pharmaceutical Complex situated on an area covering 2.56 hectares of land in Anambra State.

Neimeth's has her products registered and available in other ECOWAS (Economic Community of West African States) countries and is therefore committed to meeting international best practice standards. The Company is currently **ISO 9001:2015**, **QMS: 0000296** and **ISO 14001:2015**, **EMS:0000024** certified.

HEALTH, SAFETY & ENVIRONMENT POLICY

In line with our commitment to be the leading Innovative healthcare provider out of Africa, Neimeth has ensured that all its operations are conducted in a manner consistent with relevant applicable laws. Our Health, Safety & Environment ("HSE") Policy is just one of the important policies Neimeth has adopted in ensuring operational excellence and compliance with international best practice. We are therefore mindful that the safety and health of our workforce and protection of our environment are important to our success.

We are committed to a process of continuous improvement in all we do and to the adoption of international industry standards and codes wherever practical. Our efforts in the areas of HSE are directed by the



following key philosophy:

- **Industrial Accident Prevention:** We will strive to make our workplaces free of injuries and accidents with 100% safe work practices and safe conditions throughout our operations.
- **Environmental Protection:** We are committed to the protection of the environment and shall apply industry best practices as appropriate to minimize the generation of emissions and waste throughout our operations.
- **Risk Assessment:** Effective management of risk is fundamental to achieving safe operations. We will systematically identify potential hazards, assess their relative significance, develop reduction measures and establish suitable controls to ensure that risks are minimized.
- **Emergency Preparedness:** Being properly prepared for an emergency is of vital importance and is the responsibility of management, supervisors and employees at all levels. We will maintain emergency plans in cooperation with local authorities and emergency services groups to ensure a prompt, effective and integrated response to minimize harmful effects from any incident.
- **Regulatory Compliance:** We will comply with all applicable laws, regulations, standards and recognized codes of practice and, where any of these are inadequate, adopt and apply high standards that reflect Neimeth's commitment to safety, the protection of the natural environment and the health of our workforce.
- **Communication:** We will clearly communicate our health and safety commitments, responsibilities and performance to our employees, our contractors and the public.
- **Training:** We will ensure that employees and contractors understand their health and safety responsibilities, that they have the right training for their jobs and are competent to perform their assignments safely, effectively and efficiently.



Give Stress the Final Dose

take

Homtamin G Capsules

1
Capsule
Daily

Korean Ginseng Extract,
Multivitamins, Minerals and Aloe Vera



...the complete stress buster

- . BOOSTS VITALITY AND STAMINA
- . INCREASES BODY'S RESISTANCE TO STRESS
- . SEXUAL REJUVENATOR
- . SOOTHES THE NERVES FOR NORMAL CO-ORDINATION
- . RELIEVES MENOPAUSAL SYMPTOMS



...Still the trusted name in family medicines

Neimeth International Pharmaceuticals Plc

16, Billings Way Oregun, P.M.B 21111, Ikeja, Lagos State, Nigeria

Customer care: 09032523202

www.neimethplc.com.ng email: info@neimethplc.com.ng



The Directors submit herewith to the members of the Company the statement of the Financial Position as at 30th September, 2019 together with the Comprehensive Income statement for the year ended on that date.

LEGAL FORM

The Company, Pfizer Products Nigeria was incorporated on 13th of August 1957 as a limited liability company. It was converted to a public limited company in 1991. On 14th May 1997, Pfizer Inc. N.Y. divested from the company through a management buy-out. The company's name was subsequently changed to Neimeth International Pharmaceuticals Plc. by a special resolution. The shares are currently quoted on the Nigerian Stock Exchange.

PRINCIPAL ACTIVITIES

The principal activities of the company are the manufacture and marketing of pharmaceutical, animal health products and general health care products.

INTERNAL CONTROL

There exists effective internal control function within the company, which gives reasonable assurance against any material misstatement or loss. The responsibility includes oversight functions of internal audit control and system analysis.

RESULTS FOR THE YEAR

	N'000
Profit for the year before taxation	304,439
Taxation	84,292

Profit after taxation	220,147
	=====

DIRECTORS AND THEIR INTERESTS

- The name of current Directors are shown on page 5
- The Directors retiring by rotation at this Annual General Meeting in accordance with the company's Articles of Association are Prof. E. N. Sokomba, Pharm Mrs. R. A Oputa and Mrs. B. O. Odunewu who being eligible, offer themselves for re-election.
- The interest of each Director in the share capital of the company are as follows:

DIRECTORS' INTERESTS AS AT SEPTEMBER 30th, 2019

S/N	DIRECTORS	HOLDINGS	INDIRECT INTEREST	HOLDINGS
			ORDREC INVESTMENTS LIMITED	217,701,820
			HELKO NIG. LTD.	191,913,432
1	DR. A.B.C. ORJIAKO	*****		
2	MR. CHRISTOPHER U. MMEJE	145,200	*****	*****
3	MAZI SAMUEL.I. OHUABUNWA	132,749,658	MASTA SERVICES COY LTD & ESI OHUABUNWA & SONS LTD	6,146,511 756,346
4	MR. OMENE GODWIN EYARUBERE	11,413,571	*****	*****
5	PROF. ELIJAH NDAJIYA SOKOMBA	605,000	INTERCEDD HEALTH PRODUCTS LTD	450,842,892
6	PROF. MAURICE MMADUAKOLAM IWU	20,093,687	*****	*****
7	MR. IKECHUKWU TAGBO ONYECHI	29,278,735	ALPHA PHARMACY & STORES LIMITED	72,503,197
8	MR. THOMAS TUNBOSUN OSOBU	81,174,601	*****	*****
9	MRS. ROSELINE A. OPUTA	226,316	*****	*****
10	MRS BASHIRAT O. ODUNEWU	*****	*****	*****
11	MR. MATTHEW O. AZOJI	*****	*****	*****
12	MRS TEMITAYO O. NELSON	*****	*****	*****

**d. Directors Interest in Contract**

None of the Directors has notified the company for the purpose of section 277 of the Companies and Allied Matters Act Cap C20 LFN 2004 of any declarable interest in contract, in which the company is involved as at 30th September, 2019.

e. Directors' Responsibilities

The Directors are responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the company at the end of each financial year, and of the profit or loss for that period, and comply with the Companies and Allied Matters Act Cap C20 LFN 2004. In doing so, they ensure that:

- proper accounting records are maintained
- Internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets, and prevent and detect fraud and other irregularities
- Applicable accounting standards are followed.
- Suitable accounting policies are adopted and consistently applied
- Judgments and estimates made are reasonable and prudent, and
- The going concern basis is used, unless it is inappropriate to presume that the company will continue in business.

ANALYSIS OF SHAREHOLDING

Range of Holdings Cum.	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units
1 - 1,000	6,559	21.55	6,559	3,126,946	0.16	3,126,946
1,001 - 5,000	12,483	41.02	19,042	30,760,604	1.62	33,887,550
5,001 - 10,000	4,516	14.84	23,558	32,224,198	1.70	66,111,748
10,001 - 50,000	5,260	17.29	28,818	113,516,751	5.98	179,628,498
50,001 - 100,000	810	2.66	29,628	58,257,043	3.07	237,885,542
100,001 - 500,000	636	2.09	30,264	129,930,054	6.84	367,815,596
500,001 - 1,000,000	82	0.27	30,346	56,824,203	2.99	424,639,799
1,000,001 - 5,000,000	59	0.19	30,405	117,530,075	6.19	542,169,874
5,000,001 - 10,000,000	12	0.04	30,417	81,888,847	4.31	624,058,721
10,000,001 - 50,000,000	7	0.02	30,424	128,246,181	6.75	752,304,902
50,000,001 - ABOVE	6	0.02	30,430	1,146,852,205	60.39	1,899,157,107
GRAND Total =	30,430	100.00		1,899,157,107	100.00	

SUBSTANTIAL INTEREST IN SHARES

According to the Register of Members, the following shareholders of the Company held more than 5% of the Issued Share Capital of the Company as at 30th September, 2019.

S/N	NAMES OF SHAREHOLDERS	UNITS	PERCENTAGE (%)
1	OHUABUNWA S. IHEANYICHUKWU	132,749,658	6.99%
2	HELKO NIGERIA LIMITED	191,913,432	10.11%
3	ORDREC INVESTMENTS LIMITED	217,701,820	11.46%
4	INTERCEDD HEALTH PRODUCTS LTD	450,842,893	23.74%



VALUE OF ASSETS

Particulars of the changes arising from additions and disposals of Property, Plant and Equipment during the year are contained in Note 16. Details of other assets of the Company as at 30th September 2019 are given in Notes 17 to 21.2 of the Statement of Financial Position.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The purpose of CSR is to drive sustainability and a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. Our CSR activities provide qualitative enlightenment programmes with partnership, support and sponsorship of organizations, NGOs and Governments bodies in Nigerian.

Neimeth's crucial focus is on FITGAH (Fight the Good Fight against Hypertension). Neimeth will not stop fighting this dreadful epidemic till everyone is aware of the danger it poses in our society. Neimeth will continue to collaborate with organizations, government's bodies and NGOs to reduce the deaths occasioned by Hypertension in the Society.

The general objective of this initiative apart from creating awareness is to attest that subjects do not go on drug holiday but can access their medications without any complication. Neimeth ensures continuity and compliance by providing one month free provision of starter drugs (anti-hypertensives) for all isolated cases/subjects and partnership collaboration for six months to sustain the subjects.

Neimeth will continue to sustain her cardiovascular/FITGAH center at Oregun with the provision of free medical examination and management of hypertension subjects within her immediate communities. During the year under review, total number of 565 persons were examined and placed on Neimeth's anti-hypertensive products. No cash donation was made.

COMPANY'S DISTRIBUTORS

An exclusive distribution agreement was entered into in April 2015 with World Wide Commercial Ventures Limited (WWCVL) for the distribution of about 75% of Neimeth Major Brands.

The names of other Distributors during the period are as follows:

Iykmavian Pharmacy Ltd, Lagos	Ramsgate Pharm. Ota
Santus Pharmacy, Lagos	Goodall Pharmacy Ltd, Ibadan
Spine Products Ltd, Lagos	Latnas Pharmacy, Kano
New Height Pharm, Lagos	Tony Pharmacy, Kano
Sinko Pharmacy, Ota	Skylark Pharmacy, Abuja
Canez Pharmacy, Onitsha	H-Medix Pharmacy, Abuja
Eco Blessed Pharm Ltd Onitsha	Dilimi Pharmacy, Jos
Prodave Pharmacy Ltd, Onitsha	Danny Faith Pharmacy, Lagos
Fiolu Pharm, Ilorin	Jay Moore Pharmacy, Aba
Royal Michael Pharm, Benin	Klen Pharmacy, Abuja
New Health Pharmacy Ltd, Abuja	Eben Pharmacy, Akure
Lamed Pharmacy, Jos	Warneck Pharmacy, Aba



SUPPLIERS

The company's significant suppliers are:

Shongai Technologies Limited
Saga Overseas Limited
Drug & Healthcare Limited
Long Range Europe Limited
Real Value Trust Limited
Afkar Printing and Publishing Company Limited
Maple Plastic Ltd
Toppa Printing Company Nig. Limited
Beta Gloss Plc
Abtevic Pharm Limited
Patolek Nigeria Limited
De-Daltex Nigeria Ent. Limited
Ls Scientific Limited
Loveleen Toys Ind. Limited
Omnik Limited
Meridian Western Limited
Eunisell Limited
Modupe Trading Co. Limited
Lagra and Associates
Long Range Ultimate Nig. Ltd
Abtevic Pharmaceuticals Ltd

The company is not associated with local suppliers and obtains all its packaging materials at arm's length.

MANUFACTURING AND DISTRIBUTION AGREEMENTS

The company is in a manufacturing agreement with Late Professor Ekeke for the manufacture of Ciklaviv. This attracts a royalty payment of 5% of sales.

Royalty charge during the year amounted to ₦2,214,970.92 (2018 – ₦2,553,464.45)

RESEARCH AND DEVELOPMENT

Research and Development ensures the continuity of the company with special focus on increasing the company's product profile, meeting demands of the market and our teeming customers. This is done by constantly reviewing and improving on existing product formulations; researching into new product formulations and entering into contract agreement with overseas manufacturers.

The company has on-going work on several new products development, product registration processes among which are these:

- | | |
|---|---|
| 1. Metformin Sustained Release Tablets (1000mg & 500mg) | Antidiabetic drug |
| 2. Glimepiride Tablets (4mg & 2mg) | Antidiabetic drug |
| 3. Aspirin Tablets 75mg (Low dose Aspirin) | Adjunct in the treatment of Cardiovascular Disorders. |



- | | |
|--|-------------------------|
| 4. Atorvastatin Tablets (20mg & 10mg) | Antilipidaemic drug |
| 5. Ketoconazole Cream 1% w/w | Antifungal |
| 6. Ketoconazole + Sulphur Shampoo | Anti-dandruff |
| 7. Pancemol PM (Paracetamol + Diphenhydramine Hcl) | Analgesic |
| 8. Clotrimazole + Ichtamol cream | Antifungal & nappy rash |
| 9. Diclofenac + Paracetamol Tablets | Analgesic |

Products from overseas manufacturers undergoing registration process with NAFDAC:

- i. Neimeth Ergometrine injection
- ii. Becovix Injection (Vitamin B complex injection)
- iii. Neimeth Hydrocortisone Injection
- iv. Neimeth Promethazine Injection
- v. Neimeth Ciprofloxacin Eye drop
- vi. Neimeth Gentamicin 80 mg Injection
- vii. Nimatem QS Soft Gel

EMPLOYEE INVOLVEMENT AND TRAINING

At Neimeth, we believe very much in employee involvement and participation. Employees are consistently involved in creating an environment that would have impact on decisions and actions that affect their jobs. We continuously improve our workplace environment by involving our employees as much as possible in all aspects of work decisions and planning that would increase ownership and commitment.

Every employee is regarded as unique and his impact is solicited and valued by Management. Employee and Management recognize that each employee is involved in running the business to provide quality products and services to our customers, shareholders and the community in which we operate.

Key to most employee involvement processes is team effectiveness, productivity, communication, problem solving, development of reward and recognition systems. In return, employees are treated equitably, fairly and with dignity as individuals in a consistent manner.

Our training is structured to meet needs of the employees to make them more effective on the job, change their attitude and interest, thereby promoting ownership. In this regard, evaluation of the effectiveness/ impact of the training is undertaken by Head of Departments six months post training in conjunction with Human Resource Department.

At Neimeth, we will continue to invest in training and development of employees to make them more productive and effective in their jobs, directly contributing to the bottom line.

HEALTH, SAFETY AND WELFARE OF EMPLOYEE

Environmental Management Policy

Neimeth is committed to operating its manufacturing system (production of healthcare and pharmaceutical products and support activities) in a safe and environmentally friendly manner. This ensures that the environmental impact of our production and related operations is controlled to ensure as little degradation as possible to the environment.

Accordingly, we constantly monitor our emission of green-house gases and ensure we reduce our carbon footprint through proper and periodic maintenance of our generators, proper servicing of our transport vehicles and through an annual corporate environmental objective which includes the planting of between two to five trees. Environmental audits are also carried out regularly and statutorily as required by law, at the end of which corrective and preventive actions are put in place to forestall any future occurrence.



This is achieved through the implementation of ISO 14001: 2015 and the continuous improvement of Environmental Management system (EMS)

Environmental Sustainability

At Neimeth, we make use of a wide range of resources like fuel, water and paper. The usage of these natural resources are monitored and measured and operational controls put in place to avoid wastages thereby promoting sustainability of these natural resources. In the case of water usage, this is achieved through the metering of the portable and de-ionized water lines and conducting regular leak audits which are quickly addressed. In 2018, the percentage water usage was 2.23% while in 2019, it was 2.28%, the marginal increase was as result of increased production and in the case of paper usage, sending more memos via emails than hard copies and the use of both sides of the paper has reduced the paper used annually thereby ensuring sustainable operations. On Energy Usage, a lot of improvement was also recorded.

We have done a lot in the area of waste to landfill management through the introduction of various initiatives and as such we have consistently maintained a waste to landfill percentage of 0.5% between 2018-2019, with continuous improvement on the forefront of our priority burner in subsequent years.

Some of these initiatives employ the three Rs technique of Re-use, Reduce and Recycle, this we have been able to achieve through the segregation of our waste as commingling of waste was formerly the order of the day. Some of the waste like nylon, paper and waste cartons are sold to middle men which becomes raw material for some other companies thereby converting waste to wealth. Some of the production waste from the natural products are sold to pig farmers and used as feed for the pigs.

The Extended Producer Responsibility (EPR) is our target whereby we will be responsible for the waste generated by the last item on our production process.

Health & Safety

At Neimeth, we are committed to conducting our manufacturing processes in a safe and accident free environment for all employees, contractors and visitors.

We have built a safety culture in our personnel through regular trainings, teaching them that their safety is in their hands and that safety is everybody's responsibility and not only a function of the management.

The Management has on its own part made tremendous strides towards the provision of various controls both engineering and administrative and has also made adequate provision of PPEs (Personal Protective Equipment) for employees. The target is to have a zero accident environment where the employees come to work safe and go back same. Visual aids in the form of safety signs have been made in the simplest forms and language so that even the unlettered can decipher them. Employees are encouraged to report near misses and accident investigations are carried out accordingly and CAPA (Corrective and Preventive Actions) are put in place. This giant stride is a huge improvement from 2018.

In 2018, 1 Lost Time Accident was recorded for a Full Time Staff, while in 2019, 1 Lost Time accident was also recorded. Our target is Zero accidents. Management has embraced safety, such that a week-long activity was introduced in 2018 where various safety trainings were given to personnel, as well as first aid training.

Neimeth HIV/AIDS Policy

Neimeth has adopted a policy with a commitment to prevent the spread of HIV/AIDS in our workplaces and to care for the personnel and their dependents who suffer from its effects.

To guide Neimeth Management in addressing the challenges of managing HIV/AIDS in the work place, this policy therefore seeks:

- To create programs in conjunction with other appropriate agencies to prevent the scourge of this disease which include education and awareness program.



- To guide managers, supervisors and workers on the best practice in ensuring harmonious work relationship between employee(s) with HIV/AIDS and other employees.
- To emphasize on the level of reasonable accommodation the company can provide employees with life threatening illness that would not be detrimental to the smooth operation of the company's business, and
- Promote confidentiality and non-discrimination towards employees with HIV/AIDS thereby promoting appropriate and effective ways of managing HIV/AIDS in the workplace.
- Avoid stigmatization meted out to employees living with HIV/AIDS through ensuring that their status is kept confidential.

POST BALANCE SHEET EVENTS

There were no other significant post balance sheet events, which could have had material effect on the state of affairs of the company for the period ended 30th September, 2019 which had not been adequately provided for or disclosed.

AUDITORS

Messrs. PKF Professional Services has indicated their willingness to continue in office as the company's auditor in accordance with section 357(2) of the Companies and Allied Matters Act CAP C20 LFN 2004. A resolution will be proposed authorizing the Directors to determine their remuneration.

By Order of the Board.

MRS. F. I. ONYENEKWE (FRC/ICAN/0000010082)

Company Secretary

Lagos, Nigeria

20th December, 2019





2019 PEARL AWARDS





CLOSING GONG CEREMONY AT THE NIGERIA STOCK EXCHANGE





Neimeth Board and Management 5-Year Strategic Planning Meeting





BUSINESS DAY TOP 25 CEOs AWARDS 2019





Neimeth International Pharmaceuticals Plc. RC.1557



Plot 16, Akanni Doherty Layout (Billings Way), P.M.B. 21111,
Oregon Ind. Estate, Oregon, Ikeja, Lagos State, Nigeria.
Telephone: +234 815 842 2346, +234 903 254 3202.
e-mail: info@neimethplc.com.ng
www.neimethplc.com.ng

**REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF
NEIMETH INTERNATIONAL PHARMACEUTICALS PLC**

In accordance with Section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004, we confirm that we have reviewed and considered the Financial Statement for the year ended 30th September, 2019 and the report thereon and confirm that the accounting and reporting policies of the Company are in accordance with legal requirement and agreed ethics.

In our opinion, the scope of planning of the audit for the year ended 30th September, 2019 were adequate and we reviewed the External Auditors' finding on Management matters and are satisfied with the Management responses.

We are satisfied with the responses to our questions and with the effectiveness of the system of accounting and internal control at Neimeth International Pharmaceuticals Plc.

Dated 26th November, 2019.

Dr. Marcel O. Ojinka
Chairman, Audit Committee
FRC/2016/MDCN/00000014044

Other members of the Audit Committee

- Alhaji M. I. Jinadu
- Alhaji K. Danjuma
- Sir G. E. Omene
- Sir I. T. Onyechi
- Mr. T. T. Osobu



Mrs. F. I. Onyenekwe – Secretary to the Committee

ncp[®] THE NEW LOOK OF ANTISEPTIC CARE
ANTISEPTIC RANGE Every home needs ncp protection

27 UNIQUE WAYS AND COUNTING...

Board of Directors:

Dr. A.B.C. Orjiako (Chairman), Pharm. Matthew O. Azoji (MD/CEO), Chris U. Mmeje (Exec.), Mazi Sam I. Oluabunwa (OFR), Prof. M. Iwu, Sir Ike Onyechi, Engr. G. E. Omene, Prof. E. N. Sokomba, Thomas T. Osobu, Pharm. Roseline A. Oputa (Exec.), Bashirat O. Odunewu.



PKF Professional Services



Independent Auditor's report

To the Members of Neimeth International Pharmaceuticals Plc

Opinion

We have audited the financial statements of Neimeth International Pharmaceuticals Plc (the company), which comprise the statement of financial position at 30 September 2019, and the 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 a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at 30 September 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PKF House • 205A Ikorodu Road • Obanikoro • Lagos • G.P.O. Box 2047 • Marina • Lagos • Nigeria.
Tel: +234(0) 9030001351 | 9030001352 • Email: lagos@pkf-ng.com | info@pkf-ng.com • Web: www.pkf-ng.com

List of Partners and Partner equivalents are available at 205A Ikorodu Road • Obanikoro • Lagos.

Offices in: Abuja • Jos • Kaduna • Kano.

PKF Professional Services is a member of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member firm or firms.



Key Audit Matter	How the matter was addressed in the audit
<p>a) Revenue recognition</p> <p>Revenue is an important measure and it impacts most of the key performance indicators on which the Company and its Directors are assessed. The significance makes revenue a matter of focus in our audit.</p> <p><i>Refer to significant accounting policies (Note 3.15) on revenue and (Note 8) of the financial statements.</i></p>	<p>The following audit procedures were performed among others:</p> <ul style="list-style-type: none"> - We evaluated the design and implementation and the operating effectiveness of manual internal controls over the approval of products sold. - For sale of products to customers during the year, we compared, on a sample basis, postings into revenue ledger to appropriate basis such as goods delivery notes acknowledged by customers. - We tested the accuracy of a sample of manual journal entries relating to revenue by checking them to supporting documentation, such as approved credit notes to customers with respect to sales returns. - We assessed the postings in sales ledger subsequent to year end to understand the basis of any significant/unusual credit notes - We tested whether revenue transactions occurring both prior and post year end date were recognized in the correct period.
<p>b) Impairment of trade and other receivables</p> <p>The Company is exposed to credit arising from the company trade receivables.</p> <p>The appropriateness of impairment calculation for long term over due credit which require significant management judgement, which makes it a key audit matter.</p> <p>Trade and other receivables are significant to this company as they account for about 33% of the total assets value.</p> <p>Trade receivables are stated at fair value and subsequently measured at fair value less provision for impairment as disclosed in note 19.1 to the financial statements.</p> <p>Trade receivables are assessed and impaired on the basis of expected credit loss (ECL) in line with the new IFRS 9.</p> <p>The determination of the impairment of trade receivables requires the assessment of recoverables amounts, which requires judgement in the estimation of future payments.</p>	<p>We focused our testing of impairment on trade and other receivables on the assumptions of management.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> - We assessed and test the design and operating effectiveness of the controls over impairment calculations. - We reviewed controls put in place on the recoverability of the receivables that had been long overdue. - Reviewed impairment model adopted by management and evaluated whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9 and is in agreement with our understanding of the business and the industry in which Neimeth operates. - We challenged management's assessment of the recoverability of aged and overdue receivables, payments with delayed or overdue repayments, considering historical patterns of amount owed and repayment as well as recent communications with their counterparties. - Evaluated the accounting principles underlying revenue recognition, which form the basis for the recognition of trade receivables.



Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report, Audit Committee's Report, Corporate Governance Report and Company Secretary's report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004 and with the requirements of the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) 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.



- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- iv) Conclude on the appropriateness of the director's 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.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Najeeb A. Abdussalaam, FCA
FRC/2013/ICAN/00000000753
For: PKF Professional Services
Chartered accountants
Lagos, Nigeria.

Dated: 4 December 2019





STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2019

	Notes	30-Sep-19 N'OOO	Restated* 30-Sep-18 N'OOO	Restated* 1-Oct-17 N'OOO
Assets				
Non-current assets				
P				
Property, plant and equipment	16.	757,878	714,377	568,933
Intangible assets	17.	-	-	24,765
		<u>757,878</u>	<u>714,377</u>	<u>593,698</u>
Current assets				
Inventories	18.	772,757	683,456	688,928
Trade receivables	19.	906,750	590,002	498,318
Other current assets	20.	194,875	275,060	311,399
Cash and cash equivalents	21.1	121,540	45,425	188,011
		<u>1,995,922</u>	<u>1,593,943</u>	<u>1,686,656</u>
Total assets		<u>2,753,800</u>	<u>2,308,320</u>	<u>2,280,354</u>
Liabilities				
Current liabilities				
Trade and other payables	23.	465,625	335,845	251,775
Current borrowing	22.5	101,059	64,367	147,203
Current portion of long term borrowings	22.1.1	725,229	652,092	710,514
Finance lease liabilities	29.	20,362	32,753	38,635
Current tax payable	26.	93,400	61,370	61,500
Defined benefit obligation	24.	29,410	56,851	76,260
		<u>1,435,085</u>	<u>1,203,278</u>	<u>1,285,887</u>
Non-current liabilities				
Non-current portion of long term borrowings	22.1.2	153,651	173,640	174,420
Finance lease liabilities	29.	-	17,721	50,485
Deferred tax liability	27.	93,046	54,849	54,849
		<u>246,697</u>	<u>246,210</u>	<u>279,754</u>
Total liabilities		<u>1,681,782</u>	<u>1,449,488</u>	<u>1,565,641</u>
Net assets		<u>1,072,018</u>	<u>858,832</u>	<u>714,713</u>
Equity				
Ordinary shares	30.2	949,579	863,254	863,254
Share premium	30.3	1,020,603	1,113,889	1,113,889
Accumulated loss	31.	(898,164)	(1,118,311)	(1,262,430)
Total equity		<u>1,072,018</u>	<u>858,832</u>	<u>714,713</u>


These financial statements were approved by the Board of Directors on 4 December, 2019 and signed on its behalf by:



Dr. A. B. C. Orjiako
Chairman
FRC/2013/IODN/00000003161



Pharm. M. O. Azoji
Managing Director / CEO
FRC/2016/PCNNG/00000014686



Mrs. Temitayo O. Nelson
Executive Director - Finance
FRC/2019/ICAN/00000019924

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

*Certain amount shown here do not correspond to the 2018 financial statements earlier presented as audited and reflect adjustments made. Refer to note 39 to the financial statements.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPHRENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 N'000	Restated* 2018 N'000
Turnover	8	2,371,311	2,269,004
Cost of sales	9	(1,175,581)	(1,107,522)
Gross profit		1,195,730	1,161,482
Other income	10	2,548	19,065
Marketing and distribution expenses	11	(377,227)	(361,841)
Administrative expenses	12	(375,205)	(542,963)
Exchange (loss)/gain	13	(32,465)	3,676
Operating profit		413,381	279,419
Finance costs	14	(108,942)	(112,959)
Profit before taxation		304,439	166,460
Income tax expense	28	(84,292)	(18,444)
Profit for the year from continued operation		220,147	148,016
Other comprehensive income		-	-
Total comprehensive income		220,147	148,016
Basic earnings per share	32	12	8

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

*Certain amount shown here do not correspond to the 2018 financial statements earlier presented as audited and reflect adjustments made. Refer to note 39 to the financial statements.





STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Ordinary shares N'000	Share premium N'000	Accumulated loss N'000	Total equity N'000
At 1 October 2017	863,254	1,113,889	(1,171,775)	805,368
Correction of errors (See Note 39)*	-	-	(90,655)	(90,655)
Restated 1 October 2017	863,254	1,113,889	(1,262,430)	714,713
Changes in equity for 2018				
Profit for the year as reported in the 2018 financial statements	-	-	184,035	184,035
Correction of error (Note 39) *	-	-	(36,019)	(36,019)
Restated profit for the year	-	-	148,016	148,016
Impact of IFRS 9	-	-	(3,897)	(3,897)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	-	144,119	144,119
Transfer between share capital/premium	-	-	-	-
Transaction costs for equity issue	-	-	-	-
At 30 September 2018	<u>863,254</u>	<u>1,113,889</u>	<u>(1,118,311)</u>	<u>858,832</u>
At 1 October 2018	<u>863,254</u>	<u>1,113,889</u>	<u>(1,118,311)</u>	<u>858,832</u>
Changes in equity for 2019				
Profit for the year	-	-	220,147	220,147
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	-	220,147	220,147
Transfer between share capital/premium	86,325	(86,325)	-	-
Transaction costs for equity issue	-	(6,961)	-	(6,961)
At 30 September 2019	<u>949,579</u>	<u>1,020,603</u>	<u>(898,164)</u>	<u>1,072,018</u>

*Certain amount shown here do not correspond to the 2018 financial statements earlier presented as audited and reflect adjustments made. Refer to note 39 to the financial statements.





STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 N'000	Restated* 2018 N'000
Profit for the year		220,147	148,016
Adjustment for:			
Depreciation of property, plant and equipment	16	103,461	101,756
Gain or loss on disposal	10	(1,746)	(3,935)
Impairment allowance on trade receivables	19.1	8,848	186,274
Finance cost	14	108,941	112,959
Exchange loss/ (gain)	13	32,465	(3,676)
Income tax expense	28	46,095	18,444
		518,211	559,838
Changes in:			
(Increase)/decrease in inventories	18.	(89,301)	5,472
Increase in trade receivables	19.	(324,386)	(281,855)
Decrease in other asset	20.	80,185	36,339
Increase in trade and other payables	23.	129,780	74,650
Increase in deferred tax liability	27	38,197	-
Decrease in define benefit obligation	24.	(27,441)	(19,409)
Cash generated from operating activities		325,245	375,035
Income tax paid	26.	(14,065)	(18,575)
Net cash from operating activities		311,180	356,460
Cash flows from investing activities			
Purchase of property plant and equipment	16	(150,737)	(218,445)
Proceed from disposal of property, plant and equipment	10.1	5,521	4,520
Purchase of intangible assets	17.	-	(4,575)
Net cash used in investing activities		(145,216)	(218,500)
Cash flows from financing activities			
Import finance facility received	22.5.2	463,166	415,055
Repayment of import finance facility	22.5.2	(474,222)	(424,801)
Finance cost paid		(62,579)	(70,726)
Receipt for deposit for share	22.4	-	8,640
Repayment of term loan/ deposit for shares	22	(26,731)	(97,202)
Finance lease repaid	29.	(30,112)	(38,646)
Bonus share issue cost	30.3	(6,961)	-
Net cash used in financing activities		(137,439)	(207,680)
Effect of exchange rate changes on cash and cash equivalents		(158)	223
Net increase/(decrease) in cash and cash equivalents		28,525	(69,720)
Cash and cash equivalents at 1 October		45,425	114,922
Cash and cash equivalents at 30 September	21.2	73,792	45,425

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



1. The Company

1.1 Legal form

Neimeth International Pharmaceuticals Plc, a Company quoted on the Nigerian Stock Exchange was incorporated on 30 August 1957 as a limited liability company and commenced operation in January 1958. On 14 May 1997, Pfizer Inc. NY divested from the Company through a management buyout.

1.2 Principal activities

The principal activities of the Company are manufacturing and marketing of pharmaceuticals and animal health products.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared for the year ended 30 September 2019 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011. Additional information required by local regulators has been included where appropriate.

2.2 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial instruments and land and buildings measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the financial statements present the financial position and results fairly.

2.3 Going concern assessment

The financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity. Management is satisfied that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

2.4 Functional and presentation currency

These financial statements are presented in Naira, which is the company's presentational currency. The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency).

2.5 Summary of Standards and Interpretations effective for the first time

2.5.1 IFRS 16, Leases

Effective for annual periods beginning on or after 1 January 2019:

- New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.
- IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.



- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.
- IFRS 16 supersedes the following Standards and Interpretations:
 - a) IAS 17 Leases;
 - b) IFRIC 4 Determining whether an Arrangement contains a Lease;
 - c) SIC-15 Operating Leases—Incentives; and
 - d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Impact on Initial Application

These standard does not have any impact on the entity's financial statements.

2.5.2 Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments in response to diversity in practice for various issues in circumstances in which there is uncertainty in the application of the tax law. While IAS 12 Income Taxes provides requirements on the recognition and measurement of current and deferred tax liabilities and assets, there is diversity in the accounting for income tax treatments that have yet to be accepted by tax authorities.

The Interpretation requires an entity to:

- reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty;
- measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable);
- reassess the judgements and estimates applied if facts and circumstances change (e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires); and
- consider whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;

The Interpretation is applicable for annual periods beginning on or after January 1, 2019.

Impact on Initial Application

The amended to the standard might not have any impact on the entity's financial statements when it becomes effective in 2019.

2.5.3 IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. Scope The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. Key requirements The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.



Effective date and transition The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

2.5.4 Prepayment Features with Negative Compensation - Amendments to IFRS 9

Key requirements Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification.

The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. Transition - The amendments must be applied retrospectively; earlier application is permitted. The amendment provides specific transition provisions if it is only applied in 2019 rather than in 2018 with the rest of IFRS 9.

Effective date and transition The interpretation is effective for annual reporting periods beginning on or after 1 January 2019.

2.5.5 Plan Amendment, Curtailment or Settlement - Amendments to IAS 19

Key requirements The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. Determining the current service cost and net interest When accounting for defined benefit plans under IAS 19, the standard generally requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest is generally calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event;
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset) Effect on asset ceiling requirements.

A plan amendment, curtailment or settlement may reduce or eliminate a surplus in a defined benefit plan, which may cause the effect of the asset ceiling to change. The amendments clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income. This clarification provides that entities might have to recognise a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognised before. Changes in the effect of the asset ceiling are not netted with such amounts.

Transition: The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.



2.6 Standards and interpretations issued/amended but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: This includes:

2.6.1 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

IFRS 17 is effective for annual periods beginning on or after January 1, 2021, well after the effective date of IFRS 9 Financial Instruments, January 1, 2018. IFRS 9 will cover a majority of an insurer's investments; therefore, the expected differing effective dates created concerns related to temporary volatility and accounting mismatches in profit or loss. Some companies have also expressed concerns about the need to implement two significant changes in accounting on different dates, which will increase costs and complexity.

In September 2016, the IASB issued amendments to its existing insurance contracts standard, IFRS 4. The amendments introduced two approaches that supplement existing options in the Standard that can be used to address the temporary volatility as a result of the different effective dates of IFRS 9 and the forthcoming insurance contracts standard.

The amendments:

- provide a reporting entity (whose predominant activity is to issue insurance contracts) a temporary exemption from applying IFRS 9 until the earlier of: a) the application of IFRS 17; or b) January 1, 2021 (to be applied at the reporting entity level) (referred to as the 'temporary exemption'); and
- give entities issuing insurance contracts the option to remove from profit or loss the incremental volatility caused by changes in the measurement of specified financial assets upon application of IFRS 9 (referred to as the 'overlay approach'). This option will be in place until IFRS 17 comes into effect.

Impact on Initial Application

The amendment to the standard might not have any impact on the entity's financial statements when it becomes effective in 2021

2.6.2 Conceptual Framework for Financial Reporting

Purpose:- The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Key provisions: The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
 - Chapter 2 – Qualitative characteristics of useful financial information
 - Chapter 3 – Financial statements and the reporting entity
 - Chapter 4 – The elements of financial statements
 - Chapter 5 – Recognition and derecognition
 - Chapter 6 – Measurement
 - Chapter 7 – Presentation and disclosure
 - Chapter 8 – Concepts of capital and capital maintenance
- The Conceptual Framework is accompanied by a Basis for Conclusions.

The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework.



There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 Business Combinations and for those applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

Impact The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

3. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in the financial statements unless otherwise indicated.

3.1 Intangible assets

3.1.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

3.1.2 Intangible assets generated internally

Expenditures on research or on the research phase of an internal project are recognized as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognized if, and only if, the following conditions apply:

- The Company has the intention of completing the asset for either use or resale.
- The Company has the ability to either use or sell the asset.
- It is possible to estimate how the asset will generate income.
- The Company has adequate financial, technical and other resources to develop and use the asset.
- The expenditure incurred to develop the asset is measurable.
- It is technically feasible to complete the asset for use by the Company.

If no intangible asset can be recognised based on the above, then development costs are recognised in income statement in the period in which they are incurred.

3.2 Property, plant and equipment

3.2.1 Initial recognition

All property, plant and equipment assets are stated at cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

3.2.2 Subsequent costs

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



3.2.3 Depreciation of property, plant and equipment

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Land	Nil
Buildings	3
Office equipment and furniture	10
Machinery and equipment	10
Motor vehicles	20
Computer equipment	33 ¹ / ₃

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

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting year.

3.2.4 Derecognition

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement under operating income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

3.2.5 Reclassification

When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in the income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in the income statement.

3.3 Inventories

Inventories are valued using standard costing method of valuation. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity levels.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

3.4 Impairment of non-financial assets

The Company assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

3.5 Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



Financial assets

Initial recognition and measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss (the company however has no financial instrument in this category).

Debt instruments

Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the company classifies its debt instruments:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.



Fair value through profit or loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss statement within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the interest income.

Other financial assets:

Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled revenues, cash and cash equivalents and other assets.

Trade and other receivables

Trade and other receivables are recognised initially at their transaction price and subsequently measured at amortized cost less loss allowances.

Expected credit losses

The entity applies the IFRS 9 simplified approach to measuring expected credit losses ECLs for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual credit loss experienced over the preceding three years on the total balance of non-credit impaired trade receivables.

The entity considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:

- significant financial difficulty of the customer; or
- it is becoming probable that the customer will enter bankruptcy or other financial reorganization;
- Impairment losses related to trade and other receivables are not presented separately in the consolidated income statement but are reported under the heading administrative expenses.

Business model:

The business model reflects how the entity manages the assets in order to generate cash flows. That is, whether the entity's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss ('FVTPL'). Factors considered by the entity in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Solely Payment of Principal and Interest (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the entity assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the entity considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.



The entity reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

The entity subsequently measures all equity investments at fair value. Where the entity's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The entity recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset is derecognised when:

The rights to receive cash flows from the asset have expired;

The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

Financial liabilities

Initial recognition and measurement

The entity has classified all financial liabilities within the scope of IFRS 9 under loans and borrowings and other financial liabilities as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other financial liabilities, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 Trade and other receivables

Trade receivables are amount due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Where the potential impact of discounting future cash receipts over the short credit period is not considered to be material, trade receivables are stated at their original invoiced value. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts.



3.7 Cash and cash equivalents

Cash equivalents comprises of short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

For the purpose of presenting the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts.

3.8 Leases

The Company has adopted IFRS 16, "Leases" as issued by the IASB in July 2014 with a date of transition of 1 January 2019, which resulted in changes in accounting policies.

However, there is no implication to the company on the adoption of the standard as the current recognition and measurement basis of leases is in line with the requirement of the standard.

Definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The change in definition of a lease mainly relates to the concept of control.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

3.8.1 As Lessee

Leases, under which the Company's possess a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration is disclosed in the Company's statement of financial position and recognized as a leased asset.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset, and
- (b) the right to direct the use of the identified asset.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The Company recognizes expenses associated with these leases as an expense on straight line basis over the lease term.

The Company presents right-of-use assets as a separate class under 'property and equipment'. The Company presents lease liability in finance lease liabilities in the statement of financial position.

3.8.2 As Lessor

The accounting policies applicable to the Company as a lessor are not different from those under IAS 17. The Company is not required to make any adjustments on transition to IFRS 16 for lease in which it acts as a lessor.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Any balloon payments and rent free periods are taken into account when determining the straight-line charge.

These amendments do not have any impact on the Company's consolidated financial statements.



3.9 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due with one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are stated at their original invoice value. The directors consider the carrying amount of other payables to approximate their fair value.

3.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Interest-bearing borrowings are stated 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 through the expected life of the financial liability.

3.11 Employee benefits

3.11.1 Defined contribution plan

In accordance with the provisions of the amended Pension Reform Act, 2014 the Company has instituted a Contributory Pension Scheme for its employees, where both the employees and the company contribute 8% and 10% of the employee total emoluments. The company's contribution under the scheme is charged to the profit and loss while employee contributions are funded through payroll deductions.

Obligations for contributions to the defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Contributions to a defined contribution plan that is due more than twelve months after the end of the period in which the employees render the service are discounted to their present value.

Payments to defined contribution plans are recognised as an expense as they fall due. Any contributions outstanding at the year end are included as an accrual in the statement of financial position.

3.11.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the company's obligation and that are denominated in the currency in which the benefit are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected credit unit method.

The company recognizes all actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fair value of the plan asset, any change in the present value of defined benefit obligation, any related actuarial gains or losses and past services cost that had not previously been recognised.

3.11.3 Termination benefit

Termination benefit are recognized as an expense when the company is demonstrably committed without realistic possible withdrawal, to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies is recognized as expenses if the company has



made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.11.4 Short term employee benefits

These are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.12 Taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the income statement together with the deferred gain or loss.

3.13 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.



3.14 Equity instruments

Equity instruments issued by the company are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

3.15 Revenue recognition

3.15.1 Sale of goods

Revenue from the sale of goods in the ordinary course of business is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence persists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of consideration is probable, the associated cost and possible return of goods can be estimated reliably, there is no continuing involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

3.16 Foreign currencies

Foreign currency transactions

Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalization to assets under construction.
- Exchange differences on transactions entered into to hedge foreign currency risks.
- Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3.17 Segment reporting

An operating segment is a component of an entity:

- a) That engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same entity);
- b) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment, assess its performance; and
- c) For which discrete financial information is available.

Quantitative thresholds have been set for determining operating segments for which separate information should be disclosed. Separate information should be disclosed for any operating segment:

- With revenue (including both external sales and intersegment transfers) that is 10% or more of the total revenue of all the operating segments;
- With assets that are 10% or more of the combined assets of all the operating segments; or
- Where its profit or loss which, in absolute terms, is 10 per cent or more of the greater, in absolute amount, of the combined reported profit of all profit making operating segments; and
- The combined reported loss of all loss-making operating segments.

An entity may combine information about operating segments that do not meet the quantitative thresholds with information about other operating segments that do not meet the quantitative thresholds to produce a reportable segment only if the operating segments have similar economic characteristics and share a majority of the aggregation criteria.



If the total external revenue reported by operating segments constitutes less than 75% of the entity's revenue, additional operating segments shall be identified as reportable segments until at least 75% of the entity's revenue is included in reportable segments.

If an operating segment is identified as a reportable segment in the current period in accordance with the quantitative thresholds, segment data for a prior period presented for comparative purposes shall be restated to reflect the newly reportable segment as a separate segment, even if that segment did not satisfy the criteria for reportability in the prior period, unless the information is not available and the cost to develop it is excessive.

The disclosure of segmental cash flows enables users to obtain a better understanding of the relationship between the cash flows of the business as a whole and those of its component parts and the availability and variability of segmental cash flows.

The company should disclose the factors used to identify its reportable segments. This should include the basis of organisation, for example by difference in products or services, geographical areas, regulatory environments or a combination of factors.

The company should disclose the types of products and services from which each reportable segment derives its revenues.

Information about other business activities and operating segments that are not reportable shall be combined and disclosed in an 'all other segments'.

The sources of the revenue included in the 'all other segments' category shall be described.

An entity shall provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment.

Certain entity wide disclosures are also required for all entities, including those entities that have a single reporting segment, including information about: products and services; geographical areas; and major customers. An entity shall report the revenues from external customers for each product and service, or each group of similar products and services, unless the necessary information is not available and the cost to develop it would be excessive, in which case that fact shall be disclosed. The amounts of revenue reported shall be based on the financial information used to produce the entity's financial statements.

An entity shall report geographical information for revenue from external customers:

- i)** Attributed to the entity's country of domicile and
- ii)** Attributed to all foreign countries in total from which the entity derives revenues. If revenues from external customers attributed to an individual foreign country are material, those revenues shall be disclosed separately. An entity shall disclose the basis for attributing revenues from external customers to individual countries.

An entity shall report geographical information for non-current assets (other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts) Located in the entity's country of domicile; and

An entity shall provide information about the extent of its reliance on its major customers. If revenue from transactions with a single external customer amount to 10 per cent or more of an entity's revenues, the entity shall disclose that fact, the total amount of revenues from such customer, and the identity of the segment or segments reporting the revenues. The entity need not disclose the identity of a major customer or the amount of revenues that each segment reports from that customer. For the purposes of this IFRS, a group of entities known to a reporting entity to be under common control shall be considered a single customer, and a government (national, state, provincial, territorial, local or foreign) and entities known to the reporting entity to be under the control of that government shall be considered a single customer.



4. Critical accounting estimates and judgement

The company makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both the estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities in the next financial statements are discussed below:

a) Defined benefit obligation

The present value of defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligation include the discount rate, the company determines the discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimate future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the company considers the interest rates of high- quality corporate bond that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the defined benefit obligation.

b) Impairment of available-for-sale equity financial assets

The company determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

c) Impairment of property, plant and equipment and intangible assets

Management is required to make judgement concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate impairment exist.

d) Others are:

- i** Residual values of items of property, plant and equipment.
- ii** Estimated useful lives of item of property, plant and equipment.
- iii** Allowance for obsolete stock.
- iv** Allowance for doubtful debts.



5. Risk management framework

The primary objective of the company's risk management framework is to protect their stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The company has established a risk management function with clear terms of reference from the board of Directors, its committees and the executive management committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arises from a company's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making , resource allocation and its inability to adapt to changes in its business environment.

Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

Financial Risks – Risk associated with the financial operation of the company, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

The board of directors approves the company's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting to the corporate goals, and specify reporting requirements to meet.

5.1 Strategic risks

The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the company.

- i)** To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.
- ii)** To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- iii)** To retain financial flexibility by maintaining strong liquidity.
- iv)** To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.
- v)** To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

5.2 Operational risks

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 such as provider tariffs, medical costs, premium review for adequacy, prompt premium payments and collections. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. 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 risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.

5.3 Financial risks

The company's operations expose it to a number of financial risks. A risk management programme has been established to protect the company against the potential adverse effects of these financial risks. There has been no significant change in these financial risks since the prior year and they are:

- Credit risks
- Liquidity risks
- Market risks

a) Credit risks

The company invests some of its surplus funds in high quality liquid market instruments. Such investments have a maturity no greater than three months. To reduce the risk of counterparty default the company deposits the rest of its surplus funds in approved high quality banks. Concentrations of credit risk with respect to customers are limited due to the company's customer base being Large and unrelated. Customers are assessed for credit worthiness and where appropriate the company obtains security for its exposure to the risk of default. Credit limits are also imposed on customers and reviewed regularly.

Exposure to risk

The company's maximum exposure to credit risk, without taking into account any collateral held or other credit enhancements:

	2019 N'000	2018 N'000
Financial assets		
Trade and other receivables	906,750	590,002
Cash and cash equivalents	<u>121,540</u>	<u>45,425</u>

An analysis of trade receivables

	Gross amount		Analysis of Receivables using simplified approach of IFRS 9		
	N'000	Note	Performing N'000	Default N'000	Lost N'000
2019	1,613,146	19	900,367	19,163	693,615
2018	1,287,550	19	591,115	506,264	190,171

The Company allows an average debtors period of 30 days after invoice date. It is the Company's policy to assess trade receivables for recoverability on an individual basis and to test for impairment where it is considered necessary. In assessing recoverability the Company takes into account any indicators of impairment up until the reporting date.

b) Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Company employs policies and procedures to mitigate its exposure to liquidity risk.



c) Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

d) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company's principal transactions are carried out in Naira and its financial assets are primarily denominated in the Naira and its exposure to foreign exchange risk is minimal.

6. Capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis.

Approach to capital management

In the management of its capital, the Company has certain objectives which it intends to achieve. These include:

The safeguarding of the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders by pricing products commensurately with the level of risk.

Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt ÷ capital:

Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Capital comprise all components of equity (i.e. ordinary shares, share premium and retained earnings).

The debt-to-capital ratios at 30 September 2019 and its comparative year were as follows:

	2019 N'000	2018 N'000
Total liabilities	<u>1,681,782</u>	<u>1,449,488</u>
Total liabilities and equity	<u>2,753,800</u>	<u>2,308,320</u>
Debt-to-capital ratio	<u>0.61</u>	<u>0.63</u>

The decrease in the debt-to-capital ratio during 2019 resulted primarily from the decrease in the entity's borrowings during the year.

The Company's primary source of capital is borrowed funds from various financial institutions repayable with interest at specified dates.

There was no significant change to its capital structure during the year.

7. Financial instruments and fair values

As explained in Note 3.5, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. These categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortized cost or fair value through profit or loss.



8. Segment information

8.1 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 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.

Pharmaceuticals

Animal health

	2019 N'000	2018 N'000
	2,281,197	2,240,109
	90,114	28,895
	<u>2,371,311</u>	<u>2,269,004</u>

8.2 Geographical segment

The Company operates in two geograhic regions namely Nigeria and Ghana.

Nigeria

Ghana

	2,354,763	2,240,546
	16,548	28,458
	<u>2,371,311</u>	<u>2,269,004</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.

9. Cost of sales

Product Cost

	800,717	769,407
--	----------------	---------

Factory overhead expenses

Production salaries and wages

Power and fuel

Factory other expenses

Depreciation: - Plant and machinery

- Building

Obsolete,excess inventory recovery

Physical inventory adjustment

	162,155	142,091
	26,563	35,752
	80,105	87,737
	59,789	52,682
	4,418	2,784
	2,306	-
	39,528	17,070
	<u>374,864</u>	<u>338,116</u>
	<u>1,175,581</u>	<u>1,107,522</u>

10. Other income

Gains on disposal of property, plant and equipment (Note 10.1)

Sundry receipts

Interest income

	1,746	3,935
	802	8,322
	-	6,808
	<u>2,548</u>	<u>19,065</u>



10.1. Gain on disposal of property, plant and equipment

	2019 N'000	2018 N'000
Cost	6,291	45,709
Accumulated depreciation	(2,516)	(45,124)
Carrying amount	3,775	585
Proceed on disposal	(5,521)	(4,520)
Profit on disposal	(1,746)	(3,935)

11. Marketing and distribution expenses

Employee cost	103,670	127,418
Transport and travelling	57,674	75,043
Advert and promotions	164,448	92,311
Depreciation of motor vehicle	28,270	40,401
Communication and subscription	559	487
Donation	275	450
Printing and stationeries	359	375
Rent and rate	3,926	2,473
Product registration expenses	3,443	3,050
Training and seminar	50	85
Medical expenses	58	181
Energy cost	2,710	2,474
Repairs and maintenance	5,191	5,567
Telephone and postages	983	935
Corporate expenses	2,518	5,059
Others	3,093	5,532
	377,227	361,841

12. Administration expenses

Employee costs	153,623	178,253
Impairment allowance for trade and other receivables	8,848	188,824
Impairment of inventories	-	-
Corporate expenses	409	345
Transport and travelling	32,045	39,304
Legal, consultancy and professional fees	18,933	9,250
Energy cost	25,952	18,050
Rent and rate	200	1,892
Bank charges and commission	39,195	12,965
Insurance	15,782	15,561
Repairs and maintenance	2,443	2,673
Printing and stationeries	1,352	1,339
Training and seminar	6,273	4,004
Conference and meetings	20,643	15,545
Medical expenses	12,172	11,189
Telephone and postages	9,757	11,907
Communication and subscription	1,884	886
Depreciation of office and computer equipment	10,983	10,924
Audit fee	8,085	8,085
Others (Note 12.1)	6,626	11,967
	375,205	542,963



12.1 Others represent industrial relations expenses, gifts, clinical/laboratory testing expenses and security expenses.

13. Foreign exchange loss/(gain)

(Loss)/gain on currency translation

14. Finance costs

Interest on term loans

Interest on lease

2019 N'000	2018 N'000
(32,465)	3,676
100,829	95,504
8,113	17,455
108,942	112,959





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

Note	Fair value through profit or loss		Fair value through OCI		Amortised cost	Amortised cost	Fair value through profit or loss	Total carrying amount	Fair value
	N'000	N'000	N'000	N'000					
At 30 September 2019									
Assets									
19	-	-	-	-	906,750	-	-	906,750	1,624,498
21.1	121,540	-	-	-	-	-	-	121,540	121,540
	121,540	121,540	-	-	906,750	-	-	1,028,290	1,746,038
Liabilities									
23	-	-	-	-	-	465,625	-	465,625	465,625
22.1.1	-	-	-	-	-	725,229	-	725,229	725,229
29	-	-	-	-	-	20,362	-	20,362	20,362
	-	-	-	-	-	1,211,216	-	1,211,216	1,211,216
At 30 September 2018									
Assets									
19	-	-	-	-	590,002	-	-	590,002	1,294,921
21.1	45,425	-	-	-	-	-	-	45,425	45,425
	45,425	45,425	-	-	590,002	-	-	45,426	1,340,346
Liabilities									
23	-	-	-	-	-	335,845	-	335,845	335,845
22.1.1	-	-	-	-	-	652,092	-	652,092	652,092
29	-	-	-	-	-	32,753	-	32,753	32,753
	-	-	-	-	-	1,020,690	-	1,020,690	1,020,690



15.1 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.

15.2 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).



16. 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
Cost									
At 1 October 2017	76,332	66,471	627,403	69,531	342,107	89,798	1,151	140,869	1,413,662
Addition in the year	30,000	54,375	116,443	13,738	1,305	1,042	1,542	-	218,445
Reclassification	-	-	1,150	-	18,000	(24,304)	23,154	(18,000)	-
Transfer from intangible assets	-	-	-	-	-	-	29,340	-	29,340
Disposal during the year	-	-	(2,349)	-	(43,360)	-	-	-	(45,709)
At 30 September 2018	106,332	120,846	742,647	83,269	318,052	66,536	55,187	122,869	1,615,738
Addition in the year	-	36,228	70,566	25,074	290	1,650	16,929	-	150,737
Reclassification to CWIP	-	-	1,542	-	-	-	(1,542)	-	-
Reclassification from asset under lease	-	-	-	-	28,500	-	-	(28,500)	-
Disposal during the year	-	-	-	-	-	-	-	(6,291)	(6,291)
At 30 September 2019	106,332	157,074	814,755	108,343	346,842	68,186	70,574	88,078	1,760,184
Accumulated depreciation and impairment losses									
At 1 October 2017	-	13,984	370,411	51,975	328,757	56,649	-	22,953	844,729
Charge for the year	-	2,786	52,680	3,419	12,269	2,428	-	28,174	101,756
Impairment due to fire incident	-	-	-	-	10,200	-	-	(10,200)	-
Disposal	-	-	(1,764)	-	(43,360)	-	-	-	(45,124)
At 30 September 2018	-	16,770	421,327	55,394	307,866	59,077	-	40,927	901,361
Charge for the year	-	4,418	59,789	5,142	10,613	5,884	-	17,615	103,461
Reclassification	-	-	-	-	12,617	-	-	(12,617)	-
Disposal	-	-	-	-	-	-	-	(2,516)	(2,516)
At 30 September 2019	-	21,188	481,116	60,536	331,096	64,961	-	43,409	1,002,306
Carrying amount									
At 30 September 2019	106,332	135,886	333,639	47,807	15,746	3,225	70,574	44,669	757,878
At 30 September 2018	106,332	104,076	321,320	27,875	10,186	7,459	55,187	81,942	714,377

16.1 Depreciation charged is included in the administrative expenses and cost of sales in the statement of profit or loss and other comprehensive income.

16.2 Property, plant and equipment includes amounts which the company acquired under finance lease agreements.

16.3 Capital work in progress represents ongoing construction work in Anambra (Anambra state) and payment made for accounting software (SAP) not yet in use.

16.4 The company's property, plant and equipment have been used as a collateral for borrowings and are secured over the fixed and floating assets of the company.



19.1 Impairments allowance

At the beginning

Re-measured at 1 January 2018 due to IFRS 9 adoption

Additional charge during the year

At 30 September

Trade receivables are stated at fair value and subsequently measure at fair value through profit or loss, less provision for impairment. Impairment thereon are computed using the simplified IFRS 9 ECL Model, where the receivables are aged and probability of default applied on each aged bracket. Trade receivables meet the definition of financial assets and the carrying amount of the trade receivables approximates their fair value.

20. Other assets

Staff loans

Replaceable stocks (Note 20.1.)

Prepayments

Receivable from insurance company (Note 20.2.)

Withholding Tax Receivable

Advances to suppliers

Other receivables

20.1 Replaceable stocks represents finished product bought and sold by Neimeth, but returned by customer for poor quality. However, the seller of the products has been notified and the product is being replaced in batches. The outstanding represents the balance to be replaced.

20.2 This amount represents receivable from insurance company in respect of fire incident that gutted the company's warehouse at Oregon.

21. Cash and cash equivalents

21.1 Cash and cash equivalents as per statement of financial position

Cash in hand

Cash in banks

21.2 Cash and cash equivalents as per statement of cash flow

Cash and cash equivalents

Cash and bank balances (Note 21.1)

Bank overdrafts (Note 22.5)

	2019 N'000	2018 N'000
	697,548	507,377
	-	3,897
	697,548	511,274
	8,848	186,274
	706,396	697,548
	11,352	9,920
	18,167	11,897
	30,007	32,698
	110,034	190,034
	21,523	20,368
	4,070	10,451
	(278)	(308)
	194,875	275,060
	14	17
	121,526	45,408
	121,540	45,425
	121,540	45,425
	(47,748)	-
	73,792	45,425



22. Borrowings

Term loans (Note 22.1)

22.1 Movement in term loans

At 1 October

Accrued interest

Repayment during the year

Exchange (gain)/loss

Other loan (Note 22.4)

At 30 September

Analysis by maturity:

22.1.1 Current

Diamond Bank Plc

Daewoo Bond

Accrued interest on other loan

22.1.2 Non-current:

Other loan

22.2 Term loans

Daewoo Securities (Europe) Limited (Note 22.3)

Diamond Bank

22.2.1 Other loan (Note 22.4)

22.3 Daewoo Securities

400 million Japanese Yen (JPY) zero coupon bond issued by the Company in 2007 financial year. The bond due by 2014 (but was recalled in January, 2008) with options to subscribe ordinary shares of the Company to KDB Daewoo Securities (Europe) Limited. The principal JPY 260million had been repaid leaving outstanding JPY 140 million.

The outstanding balance of JPY 253,588,527 (comprising principal of JPY 140million, interest JPY 114 million) has been translated at Central Bank of Nigeria (CBN) ruling rate as at 30 September, 2019.

2019
N'000

2018
N'000

878,880

825,732

645,898

710,023

40,733

36,530

(538)

(97,202)

33,517

(3,453)

719,610

645,898

159,270

179,834

878,880

825,732

-

538

719,610

645,360

5,619

6,194

725,229

652,092

153,651

173,640

878,880

825,732

719,610

645,360

-

538

719,610

645,898

159,270

179,834

878,880

825,732



	2019 N'000	2018 N'000
22.4 Other loan		
At 1 October	179,834	165,491
Addition during the year	-	8,640
Accrued Interest	5,629	5,703
Repayment	(26,193)	-
At 30 September	<u>159,270</u>	<u>179,834</u>

Other loan represents amount received from directors and their company's as detailed in Note 22.4.1 below. The loan attracts 14% interest per annum.

22.4.1 Related Party Transaction

Related Party	Relationship	Nature of Transaction	2019			2018
			Principal N'000	Interest Accrued N'000	Total N'000	Total N'000
1. Alpha Pharmacy & Stores Ltd	Sir. I. T. Onyechi - Director in Alpha Pharmacy Stores	Loan	37,000	1,320	38,320	38,320
2. Ordrec Investment	Dr. A. B. C. Orjiako - Director in Ordrec Investment	Loan	60,000	2,140	62,140	62,140
3. Mr Emmanuel Ekunno	Former Director	Loan	1,000	36	1,036	1,036
4. Fall River Production Ltd	Mr. T. T. Osobu - Director in Fall River Prod. Ltd	Loan	10,000	357	10,357	10,357
5. Engr. Godwin E. Omene	Director	Loan	2,000	71	2,071	2,071
6. Bio Resources Institute of Nigeria	Prof. M. M. Iwu - Director in Bio Resources Inst.	Loan	43,640	1,706	45,346	65,910
			<u>153,640</u>	<u>153,640</u>	<u>159,270</u>	<u>179,834</u>

	2019 N'000	2018 N'000
22.5 Current borrowing		
Bank overdraft (Note 22.5.1)	47,748	-
Import finance facilities (Note 22.5.2)	53,311	64,367
	<u>101,059</u>	<u>64,367</u>

22.5.1 A N100million overdraft facility was obtained from Fidelity Bank Plc on March 13 2019, to support the company's working capital requirement for clearing/duty payment, local raw material purchases, short fall in maturity obligations under the IFF and other operational expenses. The tenor of the overdraft is 365 days with 120 days clean up cycle at an interest rate of 21% per annum. Repayment is the cash flow from the company's daily operations and other sources available to the company.

	2019 N'000	2018 N'000
22.5.2 Import finance facilities		
At 1 October	64,367	74,113
Additions in the year	463,166	415,055
Repayment during the year	(474,222)	(424,801)
At 30 September	<u>53,311</u>	<u>64,367</u>



22.5.3 \$800,000.00 Import Finance Facility, obtained from Fidelity Bank Plc to finance the establishment of LC's for the importation of raw materials, available in both naira and dollar. The tenor is 365 days (each Letter of Credit has 120-day cycle with rollover option for 30 days) at an interest rate of 21% per annum.

In addition, a N100,000,000.00 Bond and guarantee Line was obtained from Fidelity Bank Plc on 13 March, 2019 for issuance of guaranrtees when required for contracts of supplies to employers. Tenor is 365 days . The security are as follows:

1. All asset Debenture over fixed and floating assets of the company.
2. Legal Mortgage on Plot 16 Akanni Doherty Layout Industrial Layout, Oregun, Lagos.
3. Legal Mortgage on No 1 and No 18 1B Henry Carr Street, Ikeja, Lagos.
4. Equity contribution of 10% of transaction for IFF/Confirmation Line.
5. Closure A Marine insurance over goods to be imported with Fidelity Bank interest duly noted.
6. Lien on shipping documents for imported goods to be released to customer upon arrival against trust receipt.

23. Trade and other payables

	2019 N'000	2018 N'000
Trade payables	100,681	72,563
Other accruals	165,672	57,743
Statutory deductions (WHT payable)	43,537	40,720
Royalties	53,316	53,550
Dividend payable	24,095	24,095
Other payables	65,818	67,854
Define contribution plan (Note 23.1)	12,506	19,320
	465,625	335,845

Trade payables are stated at their original invoice value. The directors consider the carrying amount of other payables to approximate their fair value.

23.1. Defined contribution plan

At 1 October	19,320	47,072
Provision for the year	54,556	49,520
Reclassification	-	(450)
Payment during the year	(61,370)	(76,822)
At 30 September	12,506	19,320

24 Define benefit obligation

At 1 October	56,851	76,260
Payment	(27,441)	(19,409)
At 30 September	29,410	56,851

24.1 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.



25. 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	
2019				
Loans and borrowings	725,229	153,651	-	878,880
Trade and other payables	465,625	-	-	465,625
Finance lease obligation	20,362	-	-	20,362
	<u>1,211,216</u>	<u>153,651</u>	<u>-</u>	<u>1,364,867</u>
2018				
Loans and borrowings	652,092	173,640	-	825,732
Trade and other payables	335,845	-	-	335,845
Finance lease obligation	32,753	17,721	-	50,474
	<u>1,020,690</u>	<u>191,361</u>	<u>-</u>	<u>1,212,051</u>

26. Movement in current tax liability

	2019 N'000	2018 N'000
At 1 October	61,370	61,500
Payment in the year	(14,065)	(18,575)
Charge for the year (Note 28.)	46,095	18,445
	<u>93,400</u>	<u>61,370</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.

27. Deferred tax liability

	2019 N'000	2018 N'000
At 1 October	54,849	54,849
Charge for the year	38,197	-
	<u>93,046</u>	<u>54,849</u>



27.1 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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Property, plant and equipment	-	-	105,440	89,536	105,440	89,536
Exchange loss/(gain)	(9,740)	(950)	-	-	(9,740)	(950)
Provisions/unrecoup loss/capital allowance	(2,654)	(49,965)	-	-	(2,654)	(49,965)
Tax liability carried forward	(12,394)	(50,915)	105,440	89,536	93,046	38,621
Tax liability brought forwards	-	-	-	-	54,849	54,849
Movement in deferred tax (asset)/liability	(12,394)	(50,915)	105,440	89,536	38,197	(16,228)

28. Current tax

Income/ Minimum tax
Education tax

2019 N'000	2018 N'000
37,116	8,643
8,979	9,801

Deferred taxation (Note 27)

46,095	18,444
38,197	-

As per statement of profit or loss and other comprehensive income

84,292	18,444
--------	--------

The company income tax computation for the year ended 30 September 2019 was based on the provisions of the Company Income Tax Act Cap C21 LFN 2004.

Education tax was computed at the rate of 2% of assessable profit in accordance with the provisions of the Act.

28.1 Reconciliation of effective tax rate

The tax expense for the year is reconciled to the profit/(loss) for the year as follows:

Profit before tax	304,439	166,460
Tax thereon @ 30%	91,332	49,938
Deductible items	43,352	86,306
Unrelieved loss brought forward	-	(33,782)
Balancing charge	-	1,345
Capital allowance	(97,571)	(103,807)
Education tax	8,979	9,801
Minimum tax	-	8,643
Deferred tax effect	38,197	-
Tax expense for the year	84,289	18,444
Profit after tax	220,150	148,016



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

	2019 %	2018 %
Tax rate	30	30
Deductible items	14	43
Balancing charge	-	1
Unrelieved Loss b/wd	-	17
Capital allowance	(32)	(57)
Education tax	5	(2)
Minimum tax	-	4
Deferred tax effect	13	-
	<u>30</u>	<u>36</u>

Total effective tax rate

29. Finance lease obligation

	N'000	N'000
At 1 October	50,474	89,120
Repayment in the year	<u>(30,112)</u>	<u>(38,646)</u>

At 30 September

Analysed into:

Current portion	20,362	32,753
Non-current portion	-	17,721
	<u>20,362</u>	<u>50,474</u>

30. Ordinary shares

30.1 Authorised:

2,000,000,000 ordinary shares of 50k each	<u>1,000,000</u>	<u>1,000,000</u>
---	------------------	------------------

30.2 Issued and fully paid:

At 1 October (1,726,506,462 ordinary shares @ 50k each)	863,254	863,254
Bonus issue transfer from share premium	<u>86,325</u>	<u>-</u>

At 30 September

	<u>949,579</u>	<u>863,254</u>
--	----------------	----------------

30.3 Share premium

At 1 October	1,113,889	1,113,889
Bonus issue transfer to ordinary shares	<u>(86,325)</u>	<u>-</u>
Bonus issue cost	<u>(6,961)</u>	<u>-</u>

At 30 September

	<u>1,020,603</u>	<u>1,113,889</u>
--	------------------	------------------

30.4 The shareholders at the Annual General Meeting on the 6th of February, 2019 approved the issuance and allotment of 172,650,646 bonus equity shares of 50k each in the ratio of one (1) share for every ten (10) existing shares held by shareholders whose names appear in the register of members as at the close of business on 17th January, 2019 as recommended by the board of directors. The bonus issue was made from share premium. The share allotment was filled with the Corporate Affairs Commission on 3 September 2019.



31. Accumulated loss

At 1 October
Impact of adopting IFRS 9
Profit for the year

At 30 September

32 Basic earnings per share

Earnings per share (basic) have been computed for each year on the profit 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 after taxation

Number of shares

Earnings per share (kobo)

* In order to facilitate a valid comparison of EPS, the weighted average shares of the current year which is the year in which bonus shares were issued, as well as the prior year, have been increased by the amount of bonus shares as though the shares were in issue from the beginning of the prior year comparative presented.

33. Information regarding directors and employees

33.1 Directors' emoluments

Remuneration paid to the company's Directors (excluding pension contribution) were:

Fees:

- Chairman
- Other Directors
- Sitting allowance

Emolument of executive directors

33.2 Fees and other emoluments (excluding reimbursable expenses disclosed above include amount paid to:

Chairman

Highest paid director

	2019 N'000	2018 N'000
	(1,118,311)	(1,262,430)
	-	(3,897)
	220,147	148,016
	(898,164)	(1,118,311)
	220,147	148,016
	1,899,158	1,899,158
	12	8
	500	500
	2,800	3,200
	400	450
	48,401	31,719
	52,101	35,869
	500	500
	28,342	31,058



33.3 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:

N	N
Below -	10,000,000
10,000,001 -	12,500,000
Above	12,500,001

The number of directors who received emoluments

The number of directors who did not receive emoluments

33.4 Personnel compensation

Personnel compensation comprised:

Short-term employee benefits

Contribution to compulsory pension fund scheme

Analysis by function:

Production

Marketing and distribution

Administration

33.5 The average number of persons employed during the year by category:

Management

Senior staff

Junior staff

33.6 Scale of employees' remuneration

N	N
Below -	250,000
250,001 -	500,000
500,001 -	750,000
750,001 -	1,000,000
1,000,001 -	1,250,000
1,250,001 -	1,500,000
Above	1,500,001

34. 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.

2019	2018
Number	Number
-	-
-	1
3	1
3	2
4	2
8	8
N'000	N'000
391,435	420,252
28,013	27,510
419,448	447,762
162,155	142,091
103,670	127,418
153,623	178,253
419,448	447,762
Number	Number
41	39
77	84
48	46
166	169
Number	Number
-	-
-	-
40	40
42	45
25	25
7	7
52	52
166	169



35. Capital commitments

The Directors are of the opinion that there were no capital commitments at 30 September 2019 (2018 - Nil).

36. 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 based on the response received from the company solicitors' was N82,004,706 as at 30 September 2019 (2018 : Nil). In the opinion of the directors and based on the response obtained from the legal adviser, the company is of the opinion that no payment will be made in respect of pending litigations.

37. Events after reporting date

The directors are of the opinion that no event or transaction has occurred since the reporting date, which would have had a material effect on the financial statements 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 year then ended.

38. Comparative figures

Certain comparative figures in these financial statements have been restated to ensure proper disclosure and uniformity with current year presentation.

39. Prior period restatement

Default Interest of 6% on the outstanding balance of JPY 140m Bond from KDB Daewoo Securities (Europe) Limited (Initial amount of JPY 280m Bond - Ref: ISIN XS0410494644) which was not accrued for in 2016 and 2017 due to action being taken by the Company to repay the Bond at that time. This has now been accrued for because the proposed repayment has not been effected and the bond is still outstanding. Although, the Company has made effort to contact KDB Daewoo Securities (Europe) Limited for the repayment, the efforts made have been unsuccessful.

STATEMENT OF FINANCIAL POSITION

	As previously reported N'000	Adjustment N'000	As restated N'000
1 October 2017			
Total assets	2,280,354	-	2,280,354
Other liabilities	1,474,986	90,655	1,565,641
Accumulated loss	(1,171,775)	(90,655)	(1,262,430)
Others	1,977,143	-	1,977,143
Total equity	805,368	(90,655)	714,713
Total liabilities and equity	2,280,354	-	2,280,354
30 September 2018			
Total assets	2,308,320	-	2,308,320
Other liabilities	1,322,814	126,674	1,449,488
Accumulated loss	(991,637)	(126,674)	(1,118,311)
Others	1,977,143	-	1,977,143
Total equity	985,506	(126,674)	858,832
Total liabilities and equity	2,308,320	-	2,308,320



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	As previously reported N'000	Adjustment N'000	As restated N'000
30 September 2018			
Exchange gain	3,165	511	3,676
Finance cost	(76,429)	(36,530)	(112,959)
Net income	257,299	-	257,299
Profit after tax	<u>184,035</u>	<u>(36,019)</u>	<u>148,016</u>
Total comprehensive income	<u>184,035</u>	<u>(36,019)</u>	<u>148,016</u>

Impact on basic and diluted earnings per share (EPS)
(Increase)/(decrease) in EPS)

Earnings per share

Basic/diluted, profit for the year attributable to
ordinary equity holders of the Company

11

(2)

30/09/2018

9k

The change did not have impact on the OCI for the period.

The impact on the statement of cashflow for the year ended 30 September 2018 only relates to the changes in profit before tax and changes in other liabilities. However, there were no impact on the net cashflows from the operating activities. The cashflow from investing and financing activities were not affected.

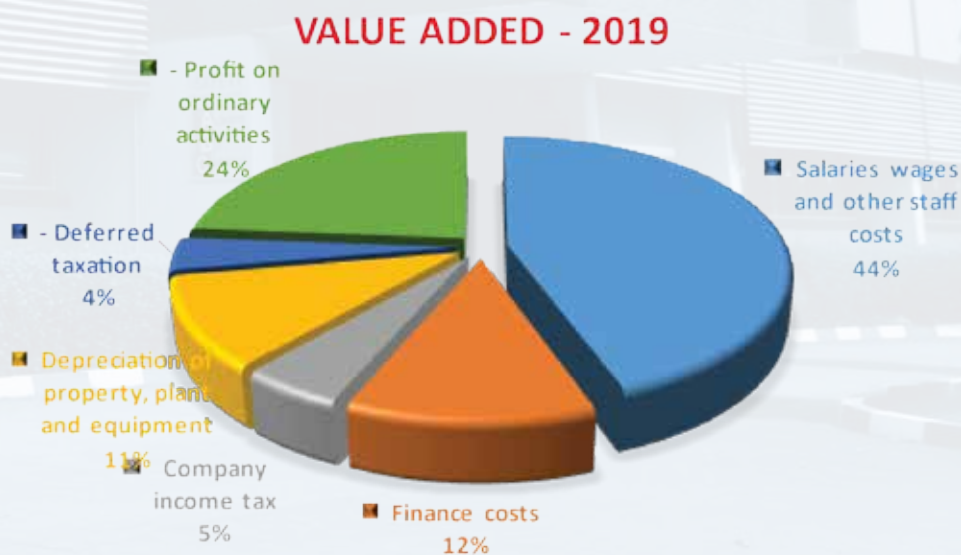




STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019		Restated*	
	N'000	%	2018	%
			N'000	
Turnover	2,371,311		2,269,004	
Other income	2,548		19,065	
	2,373,859		2,288,069	
Cost of goods and services - foreign	(572,975)		(859,650)	
Cost of goods and services - local	(864,594)		(599,481)	
Value added	936,290	100	828,938	100
Applied as follows:				
To pay employees:				
Salaries wages and other staff costs	419,448	45	447,763	54
To providers of capital:				
Finance costs	108,942	12	112,959	14
To pay Government:				
Company income tax	46,095	5	18,444	2
To provide for assets replacement:				
Depreciation of property, plant and equipment	103,461	11	101,756	12
Retained for future expansion:				
- Deferred taxation	38,197	4	-	-
- Profit on ordinary activities	220,147	24	148,016	18
Value added	936,290	100	828,938	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.





	2019 N'000	2018 N'000 *Restated	2017 N'000 *Restated	2016 N'000	2015 N'000
Statement of financial position					
Property, plant and equipment	757,878	714,377	568,933	503,173	471,396
Intangible assets	-	-	24,765	-	-
Net current assets	560,837	390,665	400,769	1,042,729	897,036
Non current liabilities	(246,697)	(246,210)	(279,754)	(323,484)	(211,107)
Net assets	1,072,018	858,832	714,713	1,222,418	1,157,325
Equity and reserves					
Ordinary shares	949,579	863,254	863,254	784,776	784,776
Share premium reserve	1,020,603	1,113,889	1,113,889	1,197,933	1,197,933
Accumulated loss	(898,164)	(1,118,311)	(1,262,430)	(760,291)	(825,384)
Total equity and reserves	1,072,018	858,832	714,713	1,222,418	1,157,325
Statement of Comprehensive income					
Turnover	2,371,311	2,269,004	1,534,003	2,001,815	1,460,728
Profit/(loss) before tax	304,439	166,460	(404,920)	95,361	(315,772)
Taxation	(84,292)	(18,444)	(6,564)	(30,268)	(19,912)
Profit/(loss) for the year	220,147	148,016	(411,484)	65,093	(335,684)
Other comprehensive income/(loss) for the year	-	-	-	-	-
Total comprehensive income/(loss) for the year	220,147	148,016	(411,484)	65,093	(335,684)
Per share data:					
Earnings/(loss) per share (kobo) - Basic	12	8	(24)	4	(21)
Net assets per ordinary share (kobo)	56	45	41	78	74

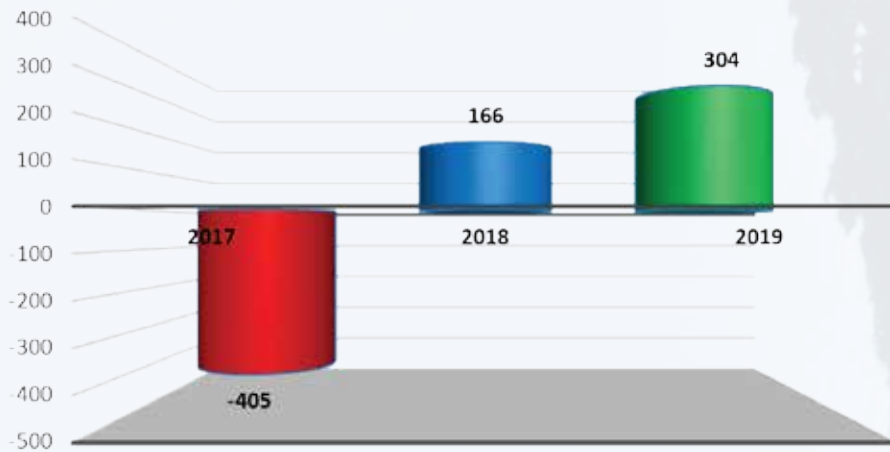
Profit/(loss) per share are based on the profit/(loss) after tax and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

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.





Profit Before Tax (N'm)



Earnings (Kobo)



Shareholders Funds (N'b)



**UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES**

Members are hereby informed that since Pfizer Product Plc became a Public Quoted Company, and subsequent Management Buy Over by Neimeth International Pharmaceuticals Plc, 30 Dividends had been declared and Seven (7) bonus certificates had been issued.

The current Twelve years share Certificates and Dividend declared are stated as follows:

A. DIVIDEND ISSUED

Dividend No.	Date Declared
18	30-11-1994
19	31-05-1995
20	30-11-1996
21	30-11-1997
22	30-11-1998
23	30-09-2002
24	31-03-2003
25	31-03-2004
26	31-03-2005
27	31-10-2006
29	10-09-2008
30	27-09-2011

B. CERTIFICATES ISSUED

No.	Certificate Type	Date Issued
01	Bonus Issue	1998
02	Public Issue	1999
03	Right Issue	1999
04	Bonus Issue	2002
05	Bonus Issue	2005
06	Public Issue	2006
07	Bonus Issue	2008
08	Right Issue	2011
09	Bonus Issue	2014
10	Bonus Issue	2017
11	Bonus Issue	2019

At the moment, the unclaimed accounts show that some dividend warrants have not been presented to the Banks for payment. A number of share certificates have also been returned to the Registrar as unclaimed.

This notice, therefore, serves to remind shareholders, in their own interest, to contact the address below for any unclaimed or unpaid dividends and/or any unclaimed share certificates.

The Registrar
Meristem Registrars and Probate Services Limited
213 Hebert Macaulay Way
Adekunle – Yaba,
Lagos.
Tel: +234 (1) 2809250
E-mail: infor@meristemregistrars.com

The Company Secretary
Neimeth Int'l Pharms. Plc.
No. 16, Doherty Akanni Layout (Billings Way)
Oregon,
Lagos.
Tel: 08033128663, 08030509676
E-mail: info@neimethplc.com.ng



SHARE CAPITAL HISTORY

YEAR	AUTHORIZED		ISSUED AND PAID UP		CONSIDERATION
	N CHANGE	N CUMMULATIVE	N CHANGE	N CUMMULATIVE	
Aug 57	50,000	50,000	4	4	Cash
Sep 57	-	50,000	6,996	7,000	Cash
1965	950,000	1,000,000	0	0	-
1966	-	1,000,000	303,192	310,192	Cash
1971	-	1,000,000	52,638	362,830	Bonus
1973	-	1,000,000	615,000	977,830	Cash
Mar 77	-	1,000,000	0	0	-
Jul 77	-	1,000,000	488,914	1,466,744	Bonus
Sep 77	Nomin value Changed to 50k p/share	4,000,000	0	0	-
Apr 78	-	4,000,000	783,256	2,250,000	Bonus
Nov 78	-	4,000,000	1,500,000	3,750,000	New Issue
1980	1,000,000	5,000,000	937,500	4,687,500	Bonus
1981	3,000,000	8,000,000	937,500	5,625,000	Bonus
1983	-	8,000,000	1,406,250	7,031,250	Bonus
1985	4,000,000	12,000,000	1,406,250	8,437,500	Bonus
1987	-	12,000,000	2,109,375	10,546,875	Bonus
Jan 92	38,000,000	50,000,000	0	10,546,875	-
Jul 92	-	50,000,000	21,094,000	31,640,875	Rights Issue
Apr 99	-	50,000,000	7,910,218	39,551,093	Bonus
Apr 99	75,000,000	125,000,000	16,737,163	56,288,256	Right/Public Offer
2001	-	125,000,000	228,540	56,516,796	Cash
2002	-	125,000,000	350,000	56,866,796	Cash
Sep 03	-	125,000,000	11,373,359	68,240,155	Bonus
Sep 03	-	125,000,000	1,298,261	69,538,416	Cash
2004	-	125,000,000	12,565,429	82,103,845	Cash
Jul 05	-	125,000,000	10,421,000	92,524,845	Cash
Jul 05	-	125,000,000	18,504,800	111,029,645	Bonus
Sep 05	625,000,000	750,000,000	-	-	-
Mar 06	-	750,000,000	217,600,713	328,630,358	Cash
Sept 08	-	750,000,000	82,158,000	410,788,358	Bonus
Mar 2011	250,000,000	1,000,000,000	-	-	-
Sept 2012	-	1,000,000,000	243,192,000	653,980,358	Rights Issue
Mar 2014	-	1,000,000,000	130,795,944	784,775,664	Bonus
Feb 2017	-	1,000,000,000	78,477,566	863,253,230	Bonus
Mar 2019	-	1,000,000,000	86,325,323	949,578,553	Bonus





the 61st Annual General Meeting of the members of NEIMETH INTERNATIONAL PHARMACEUTICALS PLC to be held at NECA House Plot A2, Hakeem Balogun Street, Alausa, Ikeja, Lagos on Thursday, 5th March, 2020 at 11.00 a.m.

I/We _____

Of _____

Being member/members of NEIMETH INTERNATIONAL PHARMACEUTICALS PLC Hereby appoint**

Or failing him, the Chairman of the meeting as my/our Proxy to vote on my/our behalf at the Annual General Meeting Of the Company to be held on 5th March, 2020 and any Adjournment.

Dated this.....Day.....2020

Shareholder's Signature.....

Table with 4 columns: S/N, NUMBER OF SHARE RESOLUTION, FOR, AGAINST. Contains 10 numbered resolutions regarding financial reports, director appointments, remuneration, and share capital reduction.

Before posting the above card, please tear off this and retain it.



SERIAL NUMBER.....

NUMBER OF SHARES.....

ADMISSION CARD

Annual General meeting to be held at 11.00 a.m on Thursday, 5th March, 2020 at NECA House, Plot A2, Hakeem Balogun Street, Alausa, Ikeja, Lagos.

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 on a poll by proxy. The above card has been prepared to enable you to exercise your right to vote, in case you cannot personally attend the meeting.

Please sign the above proxy and post it as to reach the address on the other side not later than 11.00 am on 5th March, 2020. The company will have a N50 Stamp endorsed by the Commissioner for Stamp Duties in the space provided above.

IMPORTANT

The name of the Shareholder must be written in BLOCK CAPITALS on the proxy card where marked*. This Admission Card must be produced by the shareholder or his proxy. Shareholders or their proxies are requested to sign the admission card before attending the meeting.

Signature of person attending.....



Application Form
for e-bonus & e-dividend

Neimeth International Pharmaceuticals Plc
(RC: 1557)

Dear Shareholder(s)

SHAREHOLDERS DATA UPDATE

In our quest to update shareholders' data with the current market requirement (i.e.) e-bonus & e-dividend, we require you to complete this form with the following information:

Tel. Nos:.....CSCS A/C NO. STOCK BROKING FIRM:

E-mail Add: Name of Bank

Branch of Bank: Bank A/C No..... Branch Code.....

No. of Units held

NAME OF SHAREHOLDER/CORPORATE SHAREHOLDER

PRESENT/NEW ADDRESS.....
.....
.....

REGISTRAR'S USE

NAME.....

SIGNATURE.....

NAME OF COMPANY IN WHICH YOU HAVE SHARES

USE

Please notify our Registrars, Meristem Registrars Limited of any change in telephone, address and bank whenever it occurs.

Yours faithfully,

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

Note: Please be informed that by filling and sending this form to our Registrar, Meristem Registrars Limited for processing, you have applied for the e-Dividend and e-Bonus; thereby, authorizing NEIMETH INTERNATIONAL PHARMA CEUTICALS PLC to credit your account (in respect of dividends and bonuses) electronically.

PLEASE COMPLETE AND RETURN TO
Meristem Registrars and Probate Services Limited
213, Herbert Maculay Way
Adekunle, Yaba, Lagos.

2020

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use company seal.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC
(RC: 1557)

The Registrar
Meristrem Reigstrars and Probate
Services Limited
213, Herbert Maculay Way,
Adekunle, Yaba, Lagos.

CIKLAVIT

NUTRITIONAL SUPPLEMENT

For management of sickle cell disorder



...Improving the well-being of people living with sickle cell disorder.



...Still the trusted name in family medicines

Neimeth International Pharmaceuticals Plc

16, Billings Way Oregon, P.M.B 21111, Ikeja, Lagos State, Nigeria

Customer care: 09032523202

www.neimethplc.com.ng email: info@neimethplc.com.ng

MANY unique uses of ncp and still counting



- Daily bath
- Oral & Dental care
- Wound care
- Skin care
- After shave
- Acne
- Personal hygiene
- Manicure & Pedicure
- Household disinfection

... Every home needs ncp protection.



Neimeth International Pharmaceuticals Plc

16, Billings Way Oregon, P.M.B 21111, Ikeja, Lagos State, Nigeria

Customer care: 09032523202

www.neimethplc.com.ng email: info@neimethplc.com.ng