

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

**FINANCIAL STATEMENTS
30 SEPTEMBER 2018**

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

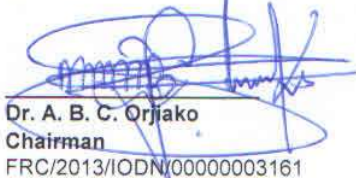
The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the companies and allied matters act, CAP C20, laws of the federation of nigeria, 2004;
- b) establishes adequate internal controls to safeguard its asset and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the Company annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; in compliance with Financial Reporting Council of Nigeria Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004.


The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss for the year ended 30 September 2018. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the Company financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.



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

Dated: 26 November, 2018



Mr. C. U. Mmeje
Ag. MD/ CEO
FRC/2014/CIBN/00000006114

Dated: 26 November, 2018



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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 examined the Auditors' Report for the year ended 30th September, 2018. We have obtained all the information and explanations we required.

In our opinion, the External Auditors' report is consistent with our review of the scope and plan of the audit. We are satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

We have reviewed the External auditors' findings and recommendations in the Management Report for the year under review as well as Management responses thereon.

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.

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

**BREAKTHROUGH
AT LAST!!!**

Ciklavit*

1st Natural Nutritional Supplement in the
management of sickle cell disorder.



...improving the well-being of people living with sickle cell anaemia

Board of Directors:

Dr. A.B.C. Orjiako (Chairman), C. U. Mmeje (Ag. MD/CEO), Mazi Sam I. Oluabunwa (OFR),
Prof. M. Iwu, A. O. Balogun, Sir Ike Onyechi, G. E. Omene, Prof. E. N. Sokomba, Thomas T. Osobu, R. A. Oputa.

REPORT OF THE DIRECTORS

The Directors submit herewith to the members of the company the statement of the Financial Position as at 30th September, 2018 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

	₦'000
Profit for the year before taxation	202,389
Taxation	(18,444)

Profit after taxation	184,035
	=====

SCRIPT ISSUE

The Board has recommended that the sum of ₦86,325,333.00 being part of the sum standing to the credit of share premium be capitalized. The above sum is to be used in paying in full 172,650,646 of the unissued ordinary shares in the capital of the company on behalf of holders of ordinary shares registered at the close of business on Thursday, 17th January, 2019. The shares are to be distributed and credited as fully paid up amongst the shareholders in proportion of 1 for 10 ordinary shares held.

DIRECTORS AND THEIR INTERESTS

- a.. The name of current Directors are shown on page
- b.. The Directors retiring by rotation at this Annual General Meeting in accordance with the company's Articles of Association are Mazi S. I. Ohuabunwa and Engr. G. E. Omene who being eligible, offer themselves for re-election.
- c.. The interest of each Director in the share capital of the company are as follows

DIRECTORS' INTERESTS AS AT SEPTEMBER 30th, 2018

S/N	DIRECTORS	HOLDINGS	INDIRECT INTEREST	HOLDINGS
1	DR. A.B.C. ORJIAKO	*****	ORDREC INVESTMENTS LIMITED	197,910,746
			HELKO NIG. LTD.	174,466,757
2	MR. CHRISTOPHER U. MMEJE	132,000	*****	*****
3	MR. MAZI S.I. OHUABUNWA	120,681,508	MASTA SERVICES COY LTD &	5,587,738
			ESI OHUABUNWA & SONS LTD	687,588
4	MR. OMENE GODWIN EYARUBERE	14,921,429	*****	*****
5	PROF. ELIJAH NDAJIYA SOKOMBA	550,000	INTERCEDD HEALTH PRODUCTS LTD	409,857,176
6	PROF. MAURICE MMADUAKOLAM IWU	28,266,989	*****	*****
7	MR. IKECHUKWU TAGBO ONYECHI	23,897,838	ALPHA PHARMACY & STORES LIMITED	65,911,998
8	MR. THOMAS TUNBOSUN OSOBU	73,795,092	*****	*****
9	MRS. ROSELINE A. OPUTA	205,742	*****	*****
10.	MRS BASHIRAT ODUNEWU	*****	*****	*****

e. Directors Interest in Contrast

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, 2018.

f. 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	No.of Holders	Holder's %	Holder's Cum.	Units	Units %	Units Cum.
1 - 1,000	6,873	22.69	6,873	3,260,906	0.19	3,260,906
1,001 - 5,000	13,103	43.26	19,976	32,946,590	1.91	36,207,496
5,001 - 10,000	3,828	12.64	23,804	28,095,686	1.63	64,303,192
10,001 - 50,000	5,022	16.58	28,826	107,738,235	6.24	172,041,427
50,001 - 100,000	726	2.40	29,552	52,663,387	3.05	224,704,814
100,001 - 500,000	587	1.94	30,139	120,214,204	6.96	344,919,018
500,001 - 1,000,000	67	0.22	30,206	45,669,643	2.65	390,588,661
1,000,001 - 5,000,000	58	0.19	30,264	117,813,214	6.82	508,401,875
5,000,001 - 10,000,000	8	0.03	30,272	54,717,431	3.17	563,119,306
10,000,001 - 50,000,000	8	0.03	30,280	120,794,238	7.00	683,913,544
50,000,001 - ABOVE	6	0.02	30,286	1,042,592,917	60.39	1,726,506,461
GRAND Total =	<u>30,286</u>	<u>100.00</u>		<u>1,726,506,461</u>	<u>100.00</u>	

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, 2018.

S/N	NAMES OF SHAREHOLDERS	UNITS	PERCENTAGE (%)
1	OHUABUNWA S. IHEANYICHUKWU	120,681,508	6.99%
2	HELKO NIGERIA LIMITED	174,466,757	10.11%
3	ORDREC INVESTMENTS LIMITED	197,910,746	11.46%
4	INTERCEDD HEALTH PRODUCTS LTD	409, 857, 176	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 8. Details of other assets of the Company as at 30th September 2018 are given in Notes 23 to 26.1 of the Statement of Financial Position.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility is a movement aimed at encouraging the populist to be more aware of the impact of our business and advantage towards the society, including their own stakeholders and the environment. The purpose of CSR is to drive change towards sustainability and business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. Our CSR activities bring qualitative enlightening 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 condensed 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 view of this objective 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 observations 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 centre at Ikeja and Oregun with the provision of free medical examination and management of hypertension subjects within her immediate communities. During the year total number of 2,467 subjects were examined and placed on Neimeth's anti-hypertensive products.

During the year under review, Neimeth conducted World Malaria Day, hosting Oregun/Alausa communities and the chairman of the local government, Baales, and chiefs with the populist all graced the event. As part of our CSR project Mass Deworming, BP Check and enlightenment was the key focus. Neimeth also partnered with Nigerian Customs Service on Healthcare Awareness Campaign in their Alausa Passport office Ikeja to conduct Mass Deworming, enlightenment and BP check for the officers of Nigerian Customs Service. Neimeth as well collaborated with Rotary Club to conduct Mass Deworming, BP check, and enlightenment for their members at Ojodu community.

COMPANY'S DISTRIBUTORS

An exclusive distribution agreement was entered into in April 2015 with Would Wide Health Care 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	Kamel Pharmacy, Calabar
Spine Products Ltd, Lagos	Goodall Pharmacy Ltd, Ibadan
New Height Pharm, Lagos	Latnas Pharmacy, Kano
U. J Madonna, Osogbo	Zagbayi pharm Ltd, Minna
Canez Pharmarcy, Onitsha	Tony Pharmacy, Kano
Eco Blessed Pharm Ltd Onitsha	Skylark Pharmacy, Abuja
Prodave Pharmacy Ltd, Onitsha	Gabytto Pharm Ltd, Yola
Fiolu Pharm, Ilorin	Samtad Nig Ltd, Ikire, Osun
Royal Michael Pharm, Benin	H-Medix Pharmacy, Abuja
New Health Pharmacy Ltd, Abuja	Green Access Pharmacy, Abuja
Klen Pharmacy, Abuja	Dilimi Pharmacy, Jos
Lamed Pharmacy, Jos	Danny Faith Pharmacy, Lagos
Vidan Pharmacy, Jos	Jay Moore Pharmacy, Aba
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
Afkhar Printing and Publishing Company Limited
Eurochemco Ventures Linimited
Toppan Printing Company Nig. Limited
Funshow Print Company

Beta Gloss Plc
 Abtevic Pharm Limited
 NICAPACO Nig Ltd
 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 the 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 Ciklavit. This attracts a royalty payment of 5%.

Royalty charge during the year amounted to ₦2,553,464.45 (2017 – ₦1,200,261.19)

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. Glimpiride 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/ ----- Antifungal
6. Ketoconazole + Sulphur Shampoo ----- Anti-dand.ruff
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

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, the 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.

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 2-5 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 2016, the percentage water usage was 0.31% while in 2017, it was 1.65%, 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 0.6% between 2016-2017 with continuous improvement on the forefront of our priority burner.

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 comingling 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 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 of 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 2016.

In 2016, 2 Lost Time Accidents were recorded, 1 for a non-Full Time Staff and 1 for a Full Time Staff while in 2017, no such incidents were recorded which is a marked improvement from 2016.

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:

- 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, 2018 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/00000010082)

Company Secretary

Lagos, Nigeria

17th of December, 2018

Independent auditor's report

To the Members of Neimeth International Pharmaceuticals Plc

Opinion

We have audited the financial statements of Neimeth International Pharmaceutical Plc (the company), which comprise the statement of financial position at 30 September 2018, 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 2018, 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.

Key Audit Matter

How the matter was addressed in the audit

Impairment of trade receivables

The Company is exposed to credit arising from the company trade receivables

The appropriateness of impairment calculation for long term over due credit which require significant management judgement, which makes it a key audit matter.

Trade receivables are stated at fair value and subsequently measured at fair value less provision for impairment as disclosed in note 24 and 24.1 to the financial statements.

Trade receivables are assessed and impaired on the bases of expected credit loss (ECL) in line with the new IFRS 9.

The determination of the impairment of trade receivables requires the assessment of recoverables amounts, which requires judgement in the estimation of future payments.

We focused our testing of impairment on trade and other receivables on the assumptions of management and in line with IFRS 9.

Our audit procedures included:

- We assessed and tested the design and operating effectiveness of the controls over impairment calculations.
- We reviewed the control put in place on the recoverability of the receivables that had been long overdue.
- Evaluate whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9 and it 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.

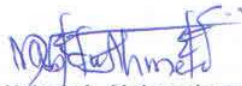
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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/0000000753
For: **PKF Professional Services**
Chartered accountants
Lagos, Nigeria.

Dated: 26 November, 2018

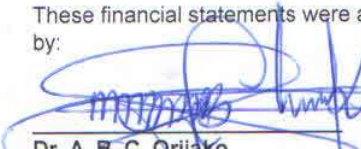



NEIMETH INTERNATIONAL PHARMACEUTICALS PLC


STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2018

	Notes	2018 N'000	2017 N'000
Assets			
Non-current assets			
Property, plant and equipment	21.	714,377	568,933
Intangible assets	22.	-	24,765
		<u>714,377</u>	<u>593,698</u>
Current assets			
Inventories	23.	683,456	688,928
Trade receivables	24.	590,002	498,318
Other assets	25.	275,060	311,399
Cash and cash equivalents	26.1	45,425	188,011
		<u>1,593,943</u>	<u>1,686,656</u>
Total assets		<u>2,308,320</u>	<u>2,280,354</u>
Liabilities			
Current liabilities			
Trade and other payables	28.	363,956	280,963
Current borrowing	27.5	64,367	147,203
Current portion of long term borrowings	27.1.1	525,418	619,859
Finance lease liabilities	34.	32,753	38,635
Current tax payable	31.	61,370	61,500
Defined contribution plan	29.	19,320	47,072
		<u>1,067,184</u>	<u>1,195,232</u>
Non-current liabilities			
Non-current portion of long term borrowings	27.1.2	183,060	174,420
Finance lease liabilities	34.	17,721	50,485
Deferred tax liability	32.	54,849	54,849
		<u>255,630</u>	<u>279,754</u>
Total liabilities		<u>1,322,814</u>	<u>1,474,986</u>
Net assets		<u>985,506</u>	<u>805,368</u>
Equity			
Ordinary shares	35.2	863,254	863,254
Share premium	35.3	1,113,889	1,113,889
Accumulated loss	36.	(991,637)	(1,171,775)
Total equity		<u>985,506</u>	<u>805,368</u>

These financial statements were approved by the Board of Directors on **26 November, 2018** and signed on its behalf by:


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


Mr. C. U. Mineje
 Ag. MD/ CEO
 FRC/2014/CIBN/00000006114


Mrs. F. I. Onyeneke
 Gen. Mgr. Finance
 FRC/2014/CAN/00000010082

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 N'000	2017 N'000
Turnover	8.	2,269,004	1,534,003
Cost of sales	9.	(1,107,522)	(604,670)
Gross profit		1,161,482	929,333
Other income	10.	19,065	5,493
Marketing and distribution expenses	11.	(361,841)	(321,075)
Administrative expenses	12.	(542,963)	(651,877)
Inventory written off	13.	-	(322,973)
Exchange gain	14.	3,165	40,446
Operating (loss)/profit		278,908	(320,653)
Finance costs	16.	(76,429)	(84,267)
Profit/(Loss) before taxation		202,479	(404,920)
Income tax expense	33.	(18,444)	(6,564)
Profit/(Loss) for the year from continued operation		184,035	(411,484)
Other comprehensive income			
Total comprehensive income/(loss)		184,035	(411,484)
Basic earnings/(loss) per share	37.	11	(24)

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Ordinary shares N'000	Share premium N'000	Accumulated loss N'000	Total equity N'000
At 30 September 2016	<u>784,776</u>	<u>1,197,933</u>	<u>(760,291)</u>	<u>1,222,418</u>
Changes in equity for 2016				
Loss for the year	-	-	(411,484)	(411,484)
Other comprehensive income				
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(411,484)</u>	<u>(411,484)</u>
Transfer between share capital/ premium	78,478	(78,478)	-	-
Transaction costs for equity issue	-	(5,566)	-	(5,566)
At 30 September 2017	<u>863,254</u>	<u>1,113,889</u>	<u>(1,171,775)</u>	<u>805,368</u>
	Ordinary shares N'000	Share premium N'000	Accumulated loss N'000	Total equity N'000
At 1 October 2017	<u>863,254</u>	<u>1,113,889</u>	<u>(1,171,775)</u>	<u>805,368</u>
Changes in equity for 2018				
Profit for the year	-	-	184,035	184,035
Impact of IFRS 9			(3,897)	(3,897)
Other comprehensive income				
Total comprehensive profit for the year	<u>-</u>	<u>-</u>	<u>180,138</u>	<u>180,138</u>
At 30 September 2018	<u>863,254</u>	<u>1,113,889</u>	<u>(991,637)</u>	<u>985,506</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 N'000	2017 N'000
Cash flows from operating activities			
Cash receipts from customers		2,238,198	1,659,559
Cash payments to suppliers and employees		(1,875,811)	(1,750,870)
Net cash generated from operating activities	19.	362,387	(91,311)
Cash flows from investing activities			
Purchase of property plant and equipment	21.	(216,903)	-
Purchase of intangible asset	22.	(4,575)	(24,765)
Purchase of capital work in progress	21.	(1,542)	(182,757)
Proceed on disposal of property, plant and equipment	15.	4,520	905
Net cash used in investing activities		(218,500)	(206,617)
Cash flows from financing activities			
Finance costs paid	16.	(76,429)	(84,266)
Repayments of finance lease obligations	34.	(38,646)	(23,584)
Proceeds from finance lease obligations	34.	-	92,814
Repayments of term loans	27.1	(97,202)	(110,884)
Bonus issue cost	35.3	-	(5,567)
Proceeds of term loans received	27.1	-	17,493
Repayments of import finance facilities	27.5.2	(424,801)	(395,745)
Proceeds of import finance facilities received	27.5.2	415,055	348,248
Proceeds from other loans	27.4	8,640	7,491
Net cash used in financing activities		(213,383)	(154,000)
Decrease in cash and cash equivalents		(69,496)	(451,928)
Cash and cash equivalent at the beginning of the year		114,921	566,849
Cash and cash equivalent at the end of the year	26.2	45,425	114,921

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 with IFRSs

These financial statements have been prepared for the year ended 30 September 2018 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.

2.1.1 Changes in accounting policies and disclosures

New and amended standards and interpretations

In these financial statements, the Company has applied IFRS 9, IFRS 7R (Revised) and IFRS 15, effective for annual periods beginning on or after 1 January 2018, for the first time. The Company has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company.

a IFRS 9 - Financial instruments: Impact on adoption

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company did not adopt any earlier versions of IFRS 9 in previous periods. IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. Although, there are no significant impact from the adoption of the IFRS 9 in relation to the changes to the impairment calculation because the company does not carry material financial assets except for trade receivables.

As permitted by the transitional provisions of IFRS 9, the Company has restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IFRS 9 and is comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in Note 45 (i.e. Transition disclosures).

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and loans and receivable have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39.

The Company's classification of its financial assets and liabilities is explained in Notes 20. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 45.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

Changes to the impairment calculation

The adoption of IFRS 9 has changed the Company's accounting for trade receivables loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all trade receivables and/or other debt financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Details of the Company's impairment method are disclosed in Note 45. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 45 (i.e. Transition disclosures).

Although, there are no significant impact from the adoption of the IFRS 9 in relation to the changes to the impairment calculation because the company does not carry material financial assets except for trade receivables.

b IFRS 7 Revised (IFRS 7R)

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated and the Company has adopted it, together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 45.

Reconciliations from opening to closing ECL allowances are presented in Notes 45 (Transition disclosures).

c IFRS 15 Revenue from contracts with customers

The Entity adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition.

The five-step model requires the Company to:

- (i) identify the contract with the customer,
- (ii) identify each of the performance obligations included in the contract,
- (iii) determine the amount of consideration in the contract,
- (iv) allocate the consideration to each of the identified performance obligations and
- (v) recognise revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognises revenues or when revenue should be recognised gross as a principal or net as an agent. Revenue recognition for trading income and net investment income are recognised based on requirements of IFRS 9. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements.

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.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 Amendments effective from annual periods beginning on or after 1 January 2018

a Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

b Amendments to IFRS 4 Insurance Contracts

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so called overlay approach;
- An optional temporary exemption from applying IFRS 9 for entities whose pre-dominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

c Amendments to IFRS 15 'Revenue from Contracts with Customers

Effective for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2017.

IFRS 15 provides a single, principles based five step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Amends IFRS 15 Revenue from Contracts with Customers also clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

2.5.2 Amendments to IFRS 9 Financial Instruments

Effective on or after January 2018

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- a) Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- b) Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- c) Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- d) Derecognition. The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

d Amendments to IAS 40 Investment Property

Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

e Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Amendments' resulting from Annual Improvements 2014–2016 Cycle, the amendment deletes the short-term exemptions of IFRS 1, because they have now served their intended purpose.

f Amendments to IAS 28 Investments in Associates and Joint Ventures

This amendment Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment by investment basis, upon initial recognition.

2.5.2 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:

Amendments effective from annual periods beginning on or after 1 January 2019

2.5.2.1 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.

2.5.3 New standards, amendments and interpretations issued but without an effective date

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective. This includes:

a Amendments to IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognized in profit or loss;

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss;
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Also a revised version of IFRS 9 incorporating requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

b Amendments to IFRS 10 and IAS 28 Consolidated Financial Statements and Investments in Associates and Joint Ventures

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 at the lower of cost and net realisable value on a first-in, first-out basis. 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.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

3.5 Financial instruments

The company classifies financial instruments, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs.

Financial instruments are derecognised on trade date when the entity is no longer a party to the contractual provisions of the instrument.

3.5.1 Financial assets

The Company classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity assets and available for sale assets. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

a Classification

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets designated as at fair value through profit or loss at inception are those that are:

Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Receivables arising from trade contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Company designates as available for sale; and
- those that meet the definition of loans and receivables.

Interests on held-to-maturity investments are included in the income statement and are reported as 'finance income'. In the case of an impairment, it is been reported as a deduction from the carrying value of the investment and recognised in the income statement as 'net gains/(losses) on investment securities'.

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Available-for-sale financial assets

Available-for-sale financial assets comprise equity investments. Subsequent to initial recognition available-for-sale financial assets are stated at fair value. Movements in fair values are taken directly to equity, with the exception of impairment losses which are recognised in profit or loss. Fair values are based on prices quoted in an active market if such a market is available. If an active market is not available, the company establishes the fair value of financial instruments by using a valuation technique, usually discounted cash flow analysis. When an investment is disposed, any cumulative gains and losses previously recognised in equity are recognised in profit or loss. Dividends are recognised in profit or loss when the right to receive payments is established.

b Recognition and measurement

Regular-way purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the company's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the income statement as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the company's right to receive payments is established; both are included in the investment income line.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

The quoted market price used for financial assets held by the company is the current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

The Company uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity like options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market observable.

c Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

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Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

3.5.2 Financial liabilities

The company's financial liabilities in the statement of financial position includes borrowings. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Interest bearing borrowings

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 is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.5.3 Impairment of financial assets

a Financial assets carried at amortised cost.

The company assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - Adverse changes in the payment status of issuers or debtors in the group; or
 - National or local economic conditions that correlate with defaults on the assets in the group.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

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For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

b Assets classified as available for sale

The company assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss.

3.5.4 Offsetting financial instruments

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.8.1 As 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.

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3.8.2 As lessee

Finance leases

Assets held under finance leases are recognised as assets of the company at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments.

The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognised immediately in profit or loss, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except if another systematic basis is more representative of the time pattern in which economic benefits will flow to the company.

Contingent rentals arising under operating leases are recognised in the period in which they are incurred.

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

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

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.

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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.

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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;

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- 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.

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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.

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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.

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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:

	2018	2017
	N'000	N'000
Financial assets		
Trade and other receivables	590,002	498,318
Cash and cash equivalents	45,425	188,011

An analysis of trade receivables

Analysis of Receivables using simplified approach of IFRS 9

	Carrying amount N'000	Note	Performing N'000	Default N'000	Lost N'000
2018	1,287,550	24.	591,115	506,265	190,171
2017	1,005,695	24.	311,757	473,938	220,000

The Company allows an average debtors period of 90 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. The application of this policy generally results in debts below 12 months not being provided for unless individual circumstances indicate that a debt is impaired. While full provision is made for debtors balances above 12 months.

The full value of the trade receivables were impaired based on the probability of default in accordance with the provisions of IFRS 9.

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 the it's exposure to liquidity risk. The Company complies with minimum regulatory requirements.

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).

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 2017 and its comparative year were as follows:

	2018 N'000	2017 N'000
Total liabilities	<u>1,322,814</u>	<u>1,474,986</u>
Total liabilities and equity	<u>2,308,320</u>	<u>2,280,354</u>
Debt-to-capital ratio	<u>0.57</u>	<u>0.65</u>

The decrease in the debt-to-capital ratio during 2018 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.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2018 N'000	2017 N'000
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	2,240,109	1,498,027
Animal health	28,895	35,976
	<u>2,269,004</u>	<u>1,534,003</u>
8.2 Geographical segment		
The Company operates in two geograhic regions namely Nigeria and Ghana.		
Nigeria	2,240,546	1,489,212
Ghana	28,458	44,791
	<u>2,269,004</u>	<u>1,534,003</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		
Opening raw material	343,438	457,310
Purchases	998,621	505,031
Raw material at 30 September	(367,378)	(343,438)
Materials consumed	<u>974,681</u>	<u>618,903</u>
Factory overhead expenses		
Production salaries and wages	142,091	127,924
Power and fuel	35,752	38,664
Inventory cost variances	(205,275)	(268,150)
Factory other expenses	87,737	67,138
Depreciation:		
- Plant and machinery	52,682	49,953
- Building	2,784	7,823
Obsolete,excess inventory recovery	-	(23,295)
Physical inventory adjustment	17,070	(14,290)
	<u>132,841</u>	<u>(14,233)</u>
	<u>1,107,522</u>	<u>604,670</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 N'000	2017 N'000
10. Other income		
Gains on disposal of property, plant and equipment (Note 1)	3,935	905
Sundry receipts	8,322	915
Other finance income	-	3,673
Interest income	6,808	-
	<u>19,065</u>	<u>5,493</u>
11. Marketing and distribution expenses		
Employee cost	127,418	134,661
Transport and travelling	75,043	40,670
Advert and promotions	92,311	64,546
Depreciation of motor vehicle	40,401	51,800
Communication and Subscription	487	736
Gift and donation	4,213	712
Printing and stationeries	375	469
Rent and rate	2,473	13,415
Product registration expenses	3,050	1,671
Training and seminar	85	1,480
Medical expenses	181	58
Energy cost	2,474	2,663
Repairs and maintenance	5,567	3,043
Telephone and postages	935	1,074
Corporate expenses	5,059	3,305
Others	1,769	772
	<u>361,841</u>	<u>321,075</u>
12. Administration expenses		
Employee costs	178,253	199,087
Impairment allowance for trade and other receivables	188,824	220,000
Bad debt written off	-	883
Corporate expenses	345	9,530
Transport and travelling	39,304	53,654
Legal, consultancy and professional fees	9,250	15,186
Energy cost	18,050	14,671
Rent and rate	1,892	336
Bank charges and commission	12,965	20,239
Insurance	15,561	13,533
Repairs and maintenance	2,673	11,411
Printing and stationeries	1,339	3,615
Training and seminar	4,004	5,855
Conference and meetings	15,545	29,858
Medical expenses	11,189	9,385
Telephone and postages	11,907	9,586
Communication and Subscription	886	5,712
Depreciation of office and computer equipment	10,924	7,419
Audit fee	8,085	7,700
Clinic/laboratory testing expenses	9,516	6,463
Others (12.1)	2,451	7,754
	<u>542,963</u>	<u>651,877</u>

12.1 Others represent public relation expenses, gift and donation and security expenses.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 N'000	2017 N'000
13. Inventory written off		
Raw material destroyed by fire	-	513,007
Insurance claim receivable	-	(190,034)
	<u>-</u>	<u>322,973</u>
13.1		
N323 million in 2017 represents the value of the inventories written off as a result of fire incident that gutted the company's Oregon warehouse in the previous year after considering the N190 million agreed as full and final settlement from the insurance company as a claim.		
14. Foreign exchange gain		
Gain on currency translation	<u>(3,165)</u>	<u>(40,446)</u>
	<u>(3,165)</u>	<u>(40,446)</u>
15. Gain on disposal of property, plant and equipment		
Cost	45,709	15,932
Accumulated depreciation	<u>(45,124)</u>	<u>(15,931)</u>
Carrying amount	585	1
Proceed on disposal	<u>(4,520)</u>	<u>(905)</u>
(Profit)/loss on disposal	<u>(3,935)</u>	<u>(904)</u>
16. Finance costs		
Interest on term loans	58,974	68,590
Interest on lease	<u>17,455</u>	<u>15,677</u>
	<u>76,429</u>	<u>84,267</u>
17. Decrease/(increase) in operating assets		
Inventories	5,368	37,026
Trade receivables	<u>(277,958)</u>	<u>319,212</u>
Other assets	39,610	(218,083)
	<u>(232,980)</u>	<u>138,155</u>
18. Increase/(decrease) in operating liabilities		
Trade and other payables	<u>82,696</u>	<u>(98,822)</u>
	<u>82,696</u>	<u>(98,822)</u>
19. Cash flow generated from/(used in) operations		
Profit/(Loss) after taxation	<u>202,479</u>	<u>(404,920)</u>
Adjustments to reconcile (loss)/profit to net cash operating activities:		
Depreciation of property, plant and equipment (Note 21.)	101,756	116,996
Finance costs (Note 16.)	76,429	84,266
Impairment of trade receivables (Note 24.1)	186,274	220,000
Exchange gain on currency revaluation	(6,107)	(96,977)
Gain on disposal of property, plant and equipment	(3,935)	(905)
Reversal of amortisation on prior year	(3,897)	-
Current income tax expenses	(18,575)	(12,757)
Interest on other loans	5,703	21,910
Interest payment other loans	-	(21,910)
Increase in employee benefits	(27,753)	(36,348)
Increase in operating assets (Note 17.)	(232,980)	138,155
Increase in operating liabilities (Note 18.)	82,696	(98,822)
Total adjustments	<u>159,611</u>	<u>313,608</u>
Cash used in operations	<u>362,090</u>	<u>(91,312)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

Note	Financial assets				Financial liabilities			Total carrying amount N'000
	Fair value through profit or loss N'000	Fair value through OCI N'000	Amortised cost N'000	Non-financial N'000	Amortised cost N'000	Fair value through profit or loss N'000	Non-financial N'000	
	At 30 September 2018							
Assets								
Property, plant and equipment	21.	-	-	-	714,377	-	-	714,377
Inventories	23.	-	-	-	683,456	-	-	683,456
Trade receivables	24.	-	-	590,002	-	-	-	590,002
Other assets	25.	-	-	-	275,060	-	-	275,060
Cash and cash equivalents	26.1	45,425	-	-	-	-	-	45,425
		<u>45,425</u>	<u>-</u>	<u>590,002</u>	<u>1,672,893</u>	<u>-</u>	<u>-</u>	<u>2,308,320</u>
Liabilities								
Trade and other payables	28.	-	-	-	363,956	-	-	363,956
Loans and borrowings	27.1.1	-	-	-	708,478	-	-	708,478
Finance lease payable	34.	-	-	-	50,474	-	-	50,474
Current tax payable	31.	-	-	-	-	-	61,370	61,370
Defined contribution plan	29.	-	-	-	19,320	-	-	19,320
Deferred tax liability	32.	-	-	-	-	-	54,849	54,849
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,142,228</u>	<u>-</u>	<u>116,219</u>	<u>1,258,447</u>

Note	Financial assets				Financial liabilities			Total carrying amount N'000
	Fair value through profit or loss N'000	Fair value through OCI N'000	Amortised cost N'000	Non-financial N'000	Amortised cost N'000	Fair value through profit or loss N'000	Non-financial N'000	
	At 30 September 2017							
Assets								
Property, plant and equipment	21.	-	-	-	568,933	-	-	568,933
Intangible assets	22.	-	-	-	24,765	-	-	24,765
Inventories	23.	-	-	-	688,928	-	-	688,928
Trade receivables	24.	-	498,318	-	-	-	-	498,318
Other assets	25.	-	-	-	311,399	-	-	311,399
Cash and cash equivalents	26.1	188,011	-	-	-	-	-	188,011
		<u>188,011</u>	<u>498,318</u>	<u>-</u>	<u>1,594,025</u>	<u>-</u>	<u>-</u>	<u>2,280,354</u>
Liabilities								
Trade and other payables	28.	-	-	-	280,963	-	-	280,963
Loans and borrowings	27.1.1	-	-	-	794,279	-	-	794,279
Finance lease payable	34.	-	-	-	89,120	-	-	89,120
Current tax payable	31.	-	-	-	-	-	61,500	61,500
Defined contribution plan	29.	-	-	-	-	-	47,072	47,072
Deferred tax liability	32.	-	-	-	-	-	54,849	54,849
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,164,362</u>	<u>-</u>	<u>163,421</u>	<u>1,327,783</u>

20.1 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

20.2 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).

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21. 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 2016	59,782	65,941	598,780	64,840	358,039	53,168	15,510	32,501	1,248,561
Addition in the year	-	-	-	-	-	-	182,757	-	182,757
Reclassification	16,550	530	29,130	5,649	-	36,889	(197,116)	108,368	-
Write off of assets	-	-	(507)	(958)	-	(259)	-	-	(1,724)
Disposal during the year	-	-	-	-	(15,932)	-	-	-	(15,932)
At 30 September 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 to CWIP	-	-	-	-	-	(24,304)	24,304	-	-
Reclassification to motor vehicles	-	-	-	-	18,000	-	-	(18,000)	-
Transfer from CWIP	-	-	1,150	-	-	-	(1,150)	-	-
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
Accumulated Depreciation and impairment losses									
At 1 October, 2016	-	6,161	319,117	49,750	320,038	45,873	-	4,449	745,388
Charge for the year	-	1,991	51,801	3,183	24,650	11,035	-	18,504	111,164
Impairment due to fire incident	-	5,832	-	-	-	-	-	-	5,832
Write off of assets	-	-	(507)	(958)	-	(259)	-	-	(1,724)
Disposal	-	-	-	-	(15,931)	-	-	-	(15,931)
At 30 September 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
Reclassification to motor vehicles	-	-	-	-	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
Carrying amount									
At 30 September 2018	106,332	104,076	321,320	27,875	10,186	7,459	55,187	81,942	714,377
At 30 September 2017	76,332	52,487	256,992	17,556	13,350	33,149	1,151	117,916	568,933

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

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

21.3 Capital work in progress represent advance payment for Tommy cast man fabrication and accounting software not yet in use.

21.4 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Software	
	2018	2017
	N'000	N'000
22. Intangible assets		
Cost		
At 1 October	24,765	-
Addition in the year	4,575	24,765
Transfer to CWIP	(29,340)	-
At 30 September	<u>-</u>	<u>24,765</u>
Amortisation		
At 30 September	<u>-</u>	<u>-</u>
Carrying Amount		
At 30 September	<u>-</u>	<u>24,765</u>

Intangible assets represent cost incurred on the implementation of an ERP System under the terms of SOW Banyan Tree. Payment for this is on monthly installment, so far the sum of **N29.340 million** has been spent. The software is still being developed and yet to be put to use, therefore it was transferred to Capital work in progress. Amortisation will commence immediately the development is completed and put to use.

	2018	2017
	N'000	N'000
23. Inventories		
Raw materials	367,378	343,438
Work in progress	76,303	81,312
Finished goods	169,537	224,606
Spare parts	20,451	21,808
Goods in transit	49,787	17,764
	<u>683,456</u>	<u>688,928</u>
23.1 Inventories to the value of N683 million (2017 : N689 million) were carried at net realisable value. No amount is recognised as expense in respect of write- down of inventories to net realisable value. Inventories are pledged as security for liabilities.		
24. Trade receivables		
Trade receivables	1,287,550	1,005,695
Impairments allowance (Note 24.1)	(697,548)	(507,377)
	<u>590,002</u>	<u>498,318</u>
24.1 Impairments allowance		
At the beginning	507,377	287,377
Re-measured at 1 January 2018 due to IFRS 9 adoption	3,897	-
	<u>511,274</u>	<u>287,377</u>
Additional charge during the year	186,274	220,000
At 30 September	<u>697,548</u>	<u>507,377</u>

Trade receivables are stated at fair value and subsequently measured 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.

The ratio of trade receivables to sales in the year is 26% (2017: 32%).

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 N'000	2017 N'000
25. Other assets		
Staff loans	9,920	8,997
Replaceable stocks (Note 25.1.)	11,897	26,975
Prepayments	32,698	14,330
Receivable from insurance company (Note 25.2.)	190,034	190,034
Withholding Tax Receivable	20,368	30,086
Advances to suppliers	10,451	40,977
Impairments	(308)	-
	<u>275,060</u>	<u>311,399</u>
25.1 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.		
25.2 This amount represents receivable from insurance company in respect of fire incident that gutted the company's warehouse at Oregon.		
26. Cash and cash equivalents		
26.1 Cash and cash equivalents as per statement of financial position		
Cash in hand	17	1
Cash in banks	45,408	97,035
Fixed deposit	-	90,975
	<u>45,425</u>	<u>188,011</u>
26.2 Cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents		
Cash and bank balances (Note 26.1)	45,425	188,011
Bank overdrafts (Note 27.5)	-	(73,090)
	<u>45,425</u>	<u>114,921</u>
27 Borrowings		
Term loans (Note 27.1)	<u>708,478</u>	<u>794,279</u>
27.1 Movement in term loans		
At 1 October	619,368	768,752
Additions in the year	-	17,493
Repayment during the year	(97,202)	(110,346)
Exchange (gain)/loss	(2,942)	(56,531)
	<u>519,224</u>	<u>619,368</u>
Other loan (Note 27.4.)	189,254	174,911
At 30 September	<u>708,478</u>	<u>794,279</u>
Analysis by maturity:		
27.1.1 Current		
Diamond	538	91,617
REAN	-	6,123
DAEWOO	518,686	521,628
Accrued interest on Other loan	6,194	491
	<u>525,418</u>	<u>619,859</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 N'000	2017 N'000
27.1.2 Non-current:		
Other loan	<u>183,060</u>	<u>174,420</u>
	<u>183,060</u>	<u>174,420</u>
	<u>708,478</u>	<u>794,279</u>
27.2 Term loans		
Diamond Bank (Note 27.3.)	538	91,617
REAN Finance Company Limited	-	6,123
Daewoo Securities (Europe) Limited (Note 27.3.1.)	<u>518,686</u>	<u>521,628</u>
	<u>519,224</u>	619,368
27.2.1 Other loan (Note 27.4.)	<u>189,254</u>	<u>174,911</u>
	<u>708,478</u>	<u>794,279</u>

27.3 Diamond Bank

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

27.3.1 Daewoo Securities

400 million Japanese Yen (JPY) zero coupon bond at 7.5% per annum issued by the Company in 2007 financial year. The bond due by 2014 (but was recalled in January, 2008) with options to subscribe ordinary shares of the Company to Daewoo Securities (Europe) Limited. JPY 260million had been repaid leaving outstanding JPY 140 million.

The outstanding balance of JPY 192,276,736 (comprising principal JPY 140million, interest JPY 52 million). has been translated at Central Bank of Nigeria (CBN) ruling rate as at 30 September, 2018.

Based on the bond holders' demand notice of 18 January 2016, it was established that the sum of JPY192,276,736 comprising of principal and interest elements of the bond is the full and final settlement of the bond liability. Therefore, no interest was accrued in respect of the bond during the year.

	2018 N'000	2017 N'000
27.4 Other loan amount		
At 1 October	174,911	167,958
Addition during the year	8,640	7,000
Accrued Interest	5,703	491
Reclassification	-	(538)
At 30 September	<u>189,254</u>	<u>174,911</u>

Other loan represents amount received from directors and their company's as detailed in Note 27.4.1 below. The loan attracts 14% interest per annum.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

27.4.1 Related Party Transaction				2018 N'000	2017 N'000
S/N	Related Party	Relationship	Nature of Transaction	Amount	Amount
1	Alpha Pharmacy & Stores Ltd	Sir. I.T. Onyechi - Director in Alpha Pharmacy Stores	Loan	38,320	37,000
2	Dr. A. B. C Orjiako.	Director	Loan	62,140	60,000
3	Mr Emmanuel Ekunno	Former Director	Loan	1,036	1,000
4	Fall-River Product Ltd	Mr. I.T. Oshobu - Director in Fall River Prod. Ltd	Loan	10,357	10,350
5	Engr. Godwin E. Omene	Director	Loan	2,071	2,140
6		Prof. E. Sokomba - Director in Bio Resources Inst.	Loan	65,910	55,000
7	Directors Unclaimed Dividend	Directors	Unclaimed dividends (Note 27.4.2)	9,420	9,420
TOTAL				189,254	174,910

27.4.2. Unclaimed dividends converted to interest free loan

S/N	Related Party	Relationship	Nature of Transaction	Amount	Amount
1	Ordrec Investment	Dr. A. B. C Orjiako - Director in Ordrec Investment	Unclaimed Dividend	3,374	3,374
2	Helko Nig Ltd	Dr. A. B. C Orjiako - Director in Helko Nig Ltd	Unclaimed Dividend	2,973	2,973
3	Engr. Godwin E. Omene	Director	Unclaimed Dividend	181	181
4	Balogun A.O	Former Director	Unclaimed Dividend	63	63
5	Ohanbunwa Godfrey	Former Director	Unclaimed Dividend	460	460
6	Mazi Ohanbunwa	Director	Unclaimed Dividend	2,369	2,369
TOTAL				9,420	9,420

	2018 N'000	2017 N'000
27.5 Current borrowing		
Bank overdraft (Note 27.5.1)	-	73,090
Import finance facilities (Note 27.5.2)	64,367	74,113
	64,367	147,203

27.5.1 A N100million overdraft facility was obtained from Diamond Bank on May 16 2018, to finance the working capital of the company. The tenor of the overdraft is 365 days with 180 days clean up cycle at an interest rate of 23%. Repayment is the cash flow from company's business operation. However, this was not being utilized at the year end.

27.5.2 Import finance facilities

1st October	74,113	121,610
Additions in the year	415,055	348,248
Repayment during the year	(424,801)	(395,745)
At 30 September	64,367	74,113

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

27.5.3 N300 million Letter of Credit Finance Facility upon maturity, obtained from Diamond Bank to part finance the direct importation of pharmaceutical raw material and finished products, and for local purchases. The tenor is 365 days at an interest rate of 23% per annum. The security are as follows:

1. Lien on imported goods.
2. Mortgage debenture on the company's assets
3. Comprehensive insurance on approved collateral noting Diamond Bank Plc as first loss payee.

In addition, \$821,917 dollars was obtained from Diamond bank on 16 May, 2018 to establish letter of credit for the direct importation of Pharmaceutical raw materials and finished products. Tenor is 365 at an interest rate of Libor +10% per annum, post negotiation. The security are as follows:

1. Lien on imported goods.
2. Mortgage debenture on the company's assets
3. Comprehensive insurance on approved collateral noting Diamond Bank Plc as first loss payee.

	2018	2017
	N'000	N'000
28. Trade and other payables		
Trade payables	72,563	21,656
Accruals	57,743	19,484
Statutory deductions (WHT Payable)	40,720	42,692
Royalties	53,550	53,844
Dividend payable	14,675	14,675
Other payables	67,854	52,352
Discontinued gratuity (Note 28.1.)	56,851	76,260
	<u>363,956</u>	<u>280,963</u>

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

28.1 Discontinued gratuity		
1st October	76,260	5,071
Provision	-	7,851
Reclassification (Note 28.1.1.)	-	78,301
Payment	(19,409)	(14,963)
At 30 September	<u>56,851</u>	<u>76,260</u>

28.1.1 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.

29. Defined contribution plan		
At 1 October	47,072	83,420
Provision for the year	49,520	87,545
Reclassification	(450)	(78,301)
Payment during the year	(76,822)	(45,592)
At 30 September	<u>19,320</u>	<u>47,072</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

30. 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	
2018				
Loans and borrowings	525,418	183,060	-	708,478
Trade and other payables	363,956	-	-	363,956
Finance lease obligation	32,753	17,721	-	50,474
	<u>922,127</u>	<u>200,781</u>	-	<u>1,122,908</u>
2017				
Loans and borrowings	619,859	174,420	-	794,279
Trade and other payables	280,963	-	-	280,963
Finance lease obligation	38,635	50,485	-	89,120
	<u>939,457</u>	<u>224,905</u>	-	<u>1,164,362</u>
			2018 N'000	2017 N'000

31. Movement in current tax liability

At 1 October	61,500	67,693
Payment in the year	(18,575)	(12,757)
Charge for the year (Note 33.)	18,445	6,564
At 30 September	<u>61,370</u>	<u>61,500</u>

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

32. Deferred tax liability

At 1 October	54,849	54,849
Charge for the year	-	-
At 30 September	<u>54,849</u>	<u>54,849</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

32.1 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	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Property, plant and equipment	-	-	89,536	75,962	89,536	75,962
Exchange gain/(loss)	(950)	-	-	81,462	(950)	12,133
Provisions/unrecoup loss/capital allowance.	(49,965)	-	-	-	(49,965)	(271,638)
Tax liability carried forward	(50,915)	-	89,536	157,424	38,621	(183,543)
Tax liability brought forwards	-	-	-	-	54,849	54,849
Movement in deferred tax (asset)/liability	(50,915)	-	89,536	157,424	(16,228)	(238,392)

The Company has adopted the International Accounting Standard IAS 12 deferred taxation. The Computation of the deferred taxation resulted in deferred tax asset of N16,226,921 (2017: N238,391,164) which is not recognised in these financial statements, as it is not probable that taxable profit will be available in the foreseeable future against which the timing differences can be utilised.

	2018 N'000	2017 N'000
33. Current tax		
Minimum tax	8,643	6,564
Education tax	9,801	-
	<u>18,444</u>	<u>6,564</u>
Deferred taxation (Note 32)	-	-
As per statement of profit or loss and other comprehensive income	<u>18,444</u>	<u>6,564</u>

The minimum tax was charged as a result of Nil Taxable profit for the year ended 30 September 2018 which is in line with section 28A (3b) of Companies Income Tax Act, CAP C21, LFN 2004 as amended.

33.1 Reconciliation of effective tax rate

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

Profit/(loss) before tax	202,479	(404,920)
Tax thereon @ 30%	60,717	(121,476)
Deductible items	86,306	87,423
Unrelieved Loss bfwd	(33,782)	33,782
Balancing charge	1,345	271
Capital allowance	(114,586)	-
Education tax	9,801	-
Minimum tax	8,643	6,564
Tax expense for the year	<u>18,444</u>	<u>6,564</u>
Profit/(loss) after tax	184,035	(411,484)

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2018 %	2017 %
33.2		
The tax rate is reconciled to the effective tax rate as follows:		
Tax rate	30	30
Deductible items	43	-
Balancing charge	1	-
Unrelieved Loss b/wd	17	-
Capital allowance	(57)	-
Education tax	(2)	-
Minimum tax	4	-
Deferred tax effect	-	1
Total effective tax rate	<u>35</u>	<u>31</u>
	N'000	N'000
34. Finance lease obligation		
At 1 October	89,120	19,891
Additions in the year	-	92,813
Repayment in the year	(38,646)	(23,584)
At 30 September	<u>50,474</u>	<u>89,120</u>
Analysed into:		
Current portion	32,753	38,635
Non Current portion	17,721	50,485
	<u>50,474</u>	<u>89,120</u>
35. Ordinary shares		
35.1 Authorised:		
2,000,000,000 ordinary shares of 50k each	<u>1,000,000</u>	<u>1,000,000</u>
35.2 Issued and fully paid:		
1 October	863,254	784,776
Bonus issue transfer from share premium	-	78,478
At 30 September	<u>863,254</u>	<u>863,254</u>
35.3 Share premium		
1st October	1,113,889	1,197,933
Bonus issue transfer to ordinary share	-	(78,477)
Bonus issue cost	-	(5,567)
At 30 September	<u>1,113,889</u>	<u>1,113,889</u>
36. Accumulated loss		
At 1 October	(1,171,775)	(760,291)
Impact of Adopting IFRS 9	(3,897)	-
Profit/(loss) for the year	184,035	(411,484)
At 30 September	<u>(991,637)</u>	<u>(1,171,775)</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 N'000	2017 N'000	
37. Basic earnings/(loss) per share			
Earnings per share (basic) have been computed for each year on the loss after tax attributable to ordinary shareholders and divided by the number of issued and fully paid up 0.50 kobo ordinary shares during the year.			
Profit/(loss) after taxation	<u>184,035</u>	<u>(411,484)</u>	
Number of shares	<u>1,726,508</u>	<u>1,726,508</u>	
Earnings/(loss) per share (kobo)	<u>11</u>	<u>(24)</u>	
38. Information regarding directors and employees			
38.1. Directors' emoluments			
Remuneration paid to the company's Directors (excluding pension contribution) were:			
Fees:			
- Chairman	500	500	
- Other Directors	3,600	3,200	
- Sitting allowance (per sitting)	50	50	
Emolument of executive directors	<u>48,815</u>	<u>53,139</u>	
	<u>52,965</u>	<u>56,889</u>	
38.2 Fees and other emoluments (excluding reimbursable expenses disclosed above include amount paid to:			
Chairman	<u>500</u>	<u>500</u>	
Highest paid director	<u>31,058</u>	<u>23,100</u>	
38.3. 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	Number	Number
Below -	10,000,000	-	-
10,000,001 -	12,500,000	1	1
Above	12,500,001	1	1
		<u>2</u>	<u>2</u>
The number of directors who received emoluments		<u>2</u>	<u>2</u>
The number of directors who did not received emoluments		<u>8</u>	<u>9</u>
	N'000	N'000	
38.4. Personnel compensation			
Personnel compensation comprised:			
Short-term employee benefits	420,252	429,471	
Contribution to compulsory pension fund scheme	27,511	32,201	
	<u>447,763</u>	<u>461,672</u>	
Analysis by function:			
Production	142,091	127,924	
Marketing and distribution	127,418	134,661	
Administration	178,253	199,087	
	<u>447,762</u>	<u>461,672</u>	

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 Number	2017 Number
38.5. The average number of persons employed during the year by category:		
Management	39	41
Senior staff	84	93
Junior staff	46	49
	<u>169</u>	<u>183</u>
38.6. Scale of employees' remuneration		
N	N	
Below -	250,000	-
250,001 -	500,000	49
500,001 -	750,000	35
750,001 -	1,000,000	44
1,000,001 -	1,250,000	14
1,250,001 -	1,500,000	20
Above	1,500,001	21
	<u>52</u>	<u>183</u>
	<u>169</u>	<u>183</u>

39. 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.

40. Capital commitments

The Directors are of the opinion that there were no capital commitments at 30 September 2018 (2017 - Nil).

41. 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 Nil as at 30 September 2018 (2017 : Nil).

42. 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.

43. Comparative figures

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

44. Financial Reporting Council of Nigeria (FRCN) waiver

The Financial Reporting Council of Nigeria (FRCN) has granted Mr. C.U. Mmeje, the acting Managing Director/CEO, a waiver to sign the annual report and financial statements for the year ended 30 September 2018.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

45. Transition disclosures

This sets out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs. A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

Notes	IAS 39 measurement		Re-Measurement		IFRS 9	
	Category	Amount N'000	ECL N'000	Other N'000	Amount N'000	Category
Financial Assets						
Loans and receivables	Loans and receivables	498,318	(3,897)	-	494,421	Amortised Costs

Impact on Retained Earnings

	2018 N'000
Closing Balance under IAS 39 (31 December 2017)	(1,171,775)
Recognition of IFRS 9 ECLs including those measured at FVOCI, Loan commitments and financial guarantee contracts (see below).	(3,897)
Deferred tax in relation to the above	-
Opening Balance under IFRS 9 (1 January 2018)	<u><u>(1,175,672)</u></u>
Total change in equity due to adopting IFRS 9	(3,897)

Movement in impairment allowance due to IFRS 9 adoption

	Allowance for impairment under IAS 39/IAS 37 at 31 December 2017 N'000	Re- measurement N'000	ECLs under IFRS 9 at 1 January 2018 N'000
<i>Impairment allowance for:</i>			
Loans and receivables (IAS 39)/Financial assets at amortised cost (IFRS 9)			
Trade and other receivables	507,377	3,897	511,274
	<u><u>507,377</u></u>	<u><u>3,897</u></u>	<u><u>511,274</u></u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Other National Disclosures

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 N'000	%	2017 N'000	%
Turnover	2,269,004		1,534,003	
Other income	19,065		5,493	
	2,288,069		1,539,496	
Cost of goods and services - foreign	(859,650)		(859,650)	
Cost of goods and services - local	(599,993)		(427,662)	
Value added	828,426	100	252,184	100
Applied as follows:				
To pay employees:				
Salaries wages and other staff costs	447,762	54	461,672	183
To providers of capital:				
Finance costs	76,429	9	84,267	33
To pay Government:				
Company income tax	18,444	2	6,564	3
To provide for assets replacement:				
Depreciation of property, plant and equipment	101,756	12	111,164	44
Retained for future expansion:				
- Deferred taxation	-	-	-	-
- Profit/(Loss) suffered on ordinary activities	184,035	22	(411,483)	(163)
Value added	828,426	100	252,184	100

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL SUMMARY

30 SEPTEMBER

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Statement of financial position					
Property, plant and equipment	714,377	568,933	503,173	471,396	541,976
Intangible assets	-	24,765	-	-	-
Deposit for shares	-	-	-	-	24,515
Net current assets	526,759	491,424	1,042,729	897,036	1,099,542
Non current liabilities	(255,630)	(279,754)	(323,484)	(211,107)	(173,024)
Net assets	985,506	805,368	1,222,418	1,157,325	1,493,009
Equity and reserves					
Ordinary shares	863,254	863,254	784,776	784,776	784,776
Share premium reserve	1,113,889	1,113,889	1,197,933	1,197,933	1,197,933
Retained earnings	(991,637)	(1,171,775)	(760,291)	(825,384)	(489,700)
Total equity and reserves	985,506	805,368	1,222,418	1,157,325	1,493,009
Statement of Comprehensive income					
Turnover	2,269,004	1,534,003	2,001,815	1,460,728	1,628,395
Profit/(Loss) before tax	202,479	(404,920)	95,361	(315,772)	(198,173)
Taxation	(18,444)	(6,564)	(30,268)	(19,912)	(30,362)
Profit/(Loss) before tax	184,035	(411,484)	65,093	(335,684)	(228,535)
Other comprehensive income/(loss) for the year	-	-	-	-	-
Total comprehensive (loss)/income for the year	184,035	(411,484)	65,093	(335,684)	(228,535)
Per share data:					
Earnings /(Loss) per share (kobo) - Basic	11	(24)	4	(21)	(15)
Net assets per ordinary share (kobo)	57	47	78	74	95

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.