

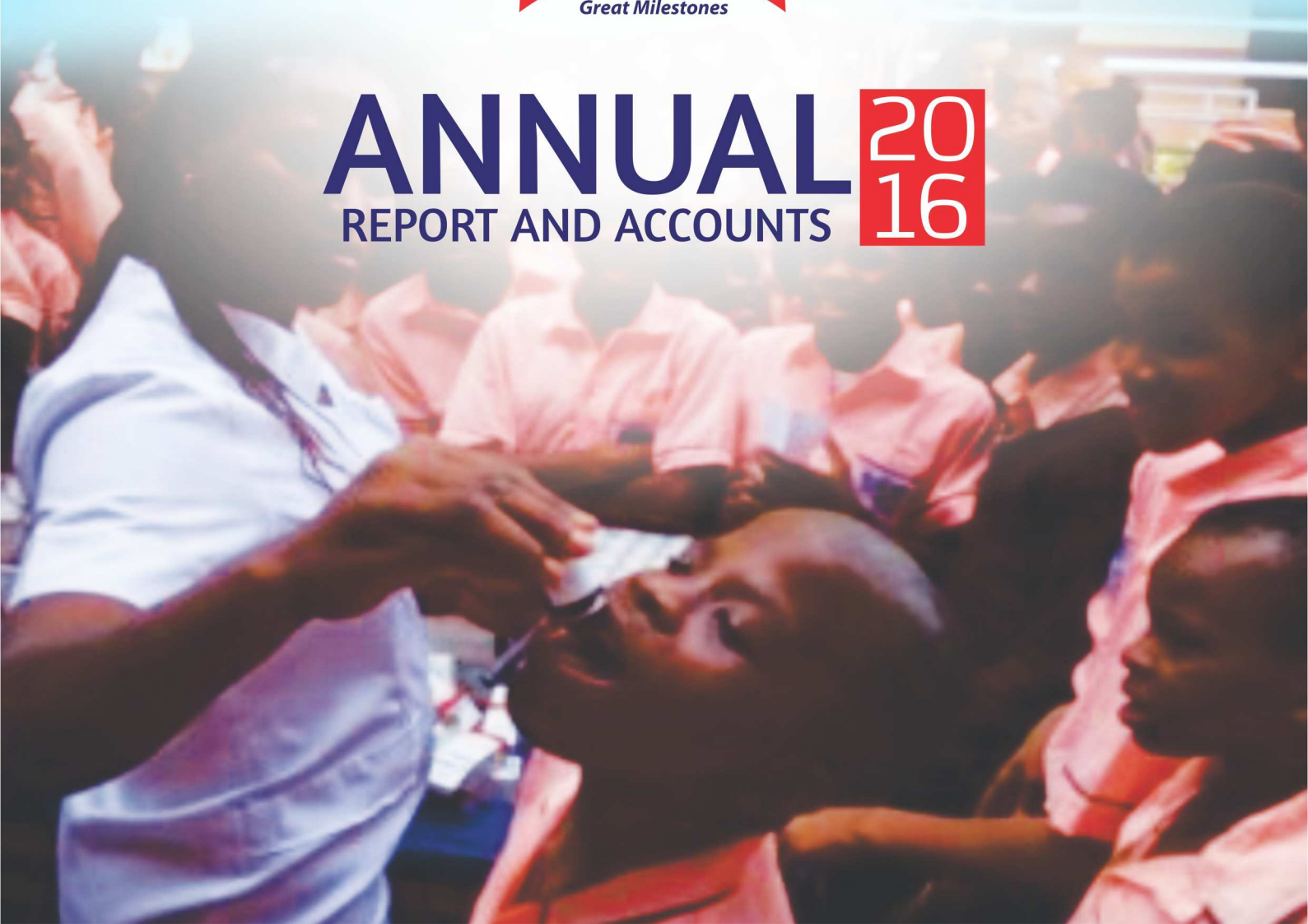


NEIMETH INTERNATIONAL
PHARMACEUTICALS PLC



ANNUAL **2016**

REPORT AND ACCOUNTS

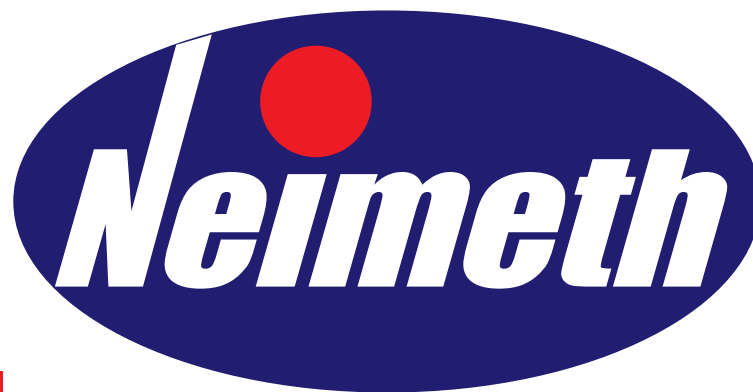


Vision

Our vision is to be the leading pharmaceutical company and a leader in Corporate Nigeria, through the achievement of excellence in delivering competitive and high quality products and services.

Mission

Our performance will be driven by our resolve to be the number 1 pharmaceutical company in Nigeria, maintaining enviable employee welfare scheme, through the provision of quality products and superior returns to all stakeholders while adding value to indigenous research.



ANNUAL 2016 REPORT AND ACCOUNTS

Contents

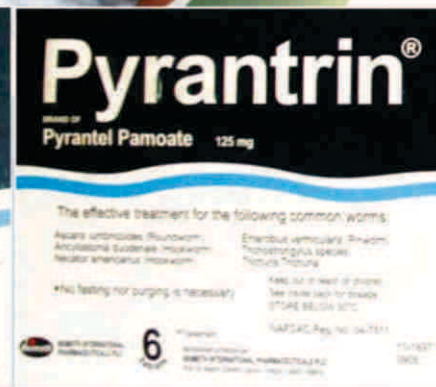
Board of Directors	3
Directors, Professional Advisers etc	5
Financial Highlights	6
Notice of Annual General Meeting	7
Chairman's Statement	8
MD/CEO's Statement	12
Corporate Governance Report	16
The Company	20
Report of Directors	29
Report of the Audit Committee	34
Report of the Independent Auditors	35
Statement of Financial Position	36
Statement of Profit or Loss	37
Statement of Change in Equity	38
Statement of Cash Flows	39
Notes to the Financial Statements	40
Statement of Value Added	71
Financial Summary	72
Performance Indications	73
Shareholders' Information	74
Share Capital History	75
Proxy	76



Pyrantrin[®]

Pyrantel Pamoate

UNITE YOUR
FAMILY AGAINST
WORMS



...still the effective worm expeller for the whole family

- ✓ PREMIUM QUALITY
- ✓ HIGHLY EFFECTIVE AGAINST COMMONLY OCCURRING INTESTINAL WORMS
- ✓ CONVENIENT SINGLE DOSE
- ✓ VERY AFFORDABLE



1, Henry Carr Street, Ikeja. E-mail: Pyrantrinkidsclub@neimethpic.com.ng
To join Pyrantrin Kids Club, (PKC), apply on - line at www.Pyrantrinkidsclub.com
Enquiries: 01-8990741-2, 08033439925, 08039584177



Ebere Igboko Ekpunobi (Ph.D) - MD/CEO



Dr. A.B.C Orjiako (OFR)



Mazi Sam I. Ohuabunwa (OFR)



Sir Ike T. Onyechi



Prof. Maurice M. Iwu



Mr. Christopher U. Mmeme



Mr. Adekola O. Balogun



Engr. Godwin E. Omene



Mr. Thomas T. Osobu



Prof. Elijah N. Sokomba



Sir Godfrey N. Ohuabunwa

Dr. A.B.C Orjiako – Chairman

Dr. A. B. C. Orjiako became Chairman of the Board of Directors of Neimeth on the 1st of February, 2005, having become a member of the Board in February, 2004. A medical doctor and Fellow, West African College of Surgeons, he has various business interests including Energy, Petroleum Exploration, Marine Services, Construction and Real Estate. He is Chairman of SEPLAT, amongst several other high net worth companies and organizations where he is and has been Chairman and President. He is the recipient of several prestigious awards, and is an accomplished agricultural and educational philanthropist.

Ebere Igboko Ekpunobi – (Ph.D) MD/CEO

Dr. Ebere Igboko Ekpunobi joined Neimeth in 2015 as Deputy Managing Director, and was appointed Acting MD/CEO of Neimeth International Pharmaceuticals Plc in November, 2015, to be confirmed substantive MD/CEO effective March 1, 2016. Dr. Igboko Ekpunobi obtained a Bachelor of Pharmacy degree from the University of Nigeria Nsukka and a Master of Science degree from Purdue University, West Lafayette, Indiana USA. She holds a Doctorate degree in Pharmacy Administration with emphasis in Pharmaceutical Marketing and Pharmacoeconomics, from Purdue University.

She is a registered member of the Pharmaceutical Society of Nigeria, American Pharmacists Association, American Association of Pharmaceutical Scientists, and Federation of International Pharmacists. Her pharmaceutical industry career spans a wide spectrum of functional areas across several continents – Africa, North America, Europe, and Asia. She has held different leadership positions in marketing, corporate strategy and, across several therapeutic areas – HIV, malaria, oncology, neurosciences, immunology etc.

Dr. Igboko Ekpunobi was the first Product Manager for the anti-retroviral drug, zidovudine (Retrovir®) and led the strategic development of a portfolio of subsequent anti-retroviral medicines still used in treating patients. She was selected as the Project Leader for CHORUS (Collaborations in HIV Research in US), and has authored and co-authored over 50 publications, abstracts, and presentations.

Glaxo Smith Kline executive management board selected Dr. Igboko Ekpunobi to establish and lead a new organization in Shanghai, China which formed a part of Glaxo Smith Kline's major Hub in Asia. She led a team of senior scientists to identify new research ideas for GSK which

yielded several commercially viable ideas. As a result of her innovative leadership she is a co-inventor on two patent applications filed by GSK on the use of CXCR2 antagonists in the treatment of chemotherapy induced neuropathy, a disease of high unmet medical need.

Dr. Igboko Ekpunobi has a keen interest in mentoring young professionals and linking them with coaches from her extensive global networks. Her other personal interests include reading, writing, and, learning Mandarin Chinese.

Mazi Sam Ohuabunwa (OFR)

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

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

He is founder/Chairman, Sam Ohuabunwa Foundation for Economic Empowerment (SOFEE), Managing Consultant of Starteam Consult, Past President Nigeria-America Chamber of Commerce (NACO), Past President Nigerian Employers Consultative Association (NECA) and Past chairman of the Nigeria Economic Summit Group (NESG). He is the Chairman of the African Centre for Business development, Strategy and Development as well as several other prestigious organizations. His core competencies include Enterprise development, Governance – Corporate and Institutional Leadership, Healthcare Facilities Development, Pharmaceutical Manufacturing and Marketing and Business re-engineering. He has authored several books and sits on the board of several notable companies and organizations.

Sir Ike Onyechi

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

Prof. Maurice M. Iwu

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

Mr. Christopher U. Mmeje

Mr. Mmeje was appointed as Executive Director – Finance on 25th February, 2008. He is an accomplished Accountant and Chartered Banker with formidable experience spanning Manufacturing, Banking and the Hospitality industry. He was Managing Director/CEO of Island Bank, Sao Tome and has expertly managed the finances and credits of some key organizations from the brink to sustainability.

Mr. Adekola A. Balogun

He was invited on the Board on the 24th of February, 2004. Kola brings his vast sales/marketing experience of pharmaceuticals, spanning over 35 years to the board. He is a registered pharmacist and successful entrepreneur. Kola is Chairman Board of directors of four fast growing Nigeria companies and a board member of several others. He is an alumnus of University of Ife, now Obafemi Awolowo University, Ile-Ife and Chartered Institute of Marketing, Cookham, England. His business interests include trading, construction and property development.

Engr. Godwin E. Omene

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

Mr. Thomas T. Osobu

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

Prof. Elijah N. Sokomba

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

Sir Godfrey N. Ohuabunwa

Sir Godfrey Nnamdi Ohuabunwa obtained a Bachelors Degree of Arts (BA.Hons) in English Language and Post Graduate Diploma (PGD) in Applied Theology. He studied Television Technology at the BBC Training School in Worcester, UK., and is a Fellow of African Business School (FAB), Fellow Nigerian Institute of Sales Management (FNISM) and Alumnus of the Prestigious Harvard Business School, Boston.

Sir Godfrey Nnamdi Ohuabunwa is the immediate Past President of the Port Harcourt Chamber of Commerce, industry, Mines and Agriculture. Chairman Diocesan Investment Committee, Chairman Deanery Missions Board, A member of the National Association of Broadcasters (NAB), Member International Association of Chiefs of Police (NACP), and International Member National Geographic society.

Godfrey Ohuabunwa is a consummate entrepreneur, and is today the Group Managing Director and Chief Executive Officer of Multimesh Group of companies. He has made tremendous success in his various fields of business endeavours, which include Telecommunications, Petroleum, Broadcasting and Hospitality business.

Sir Godfrey was invited to the Board on the 24th of February, 2004.

DIRECTORS:	Dr. A. B. C. Orjiako	Chairman
	Ebere Igboko Ekpunobi (Ph.D)	MD/CEO
	Mr. C. U. Mmeje	Executive
	Mazi S. I. Ohuabunwa	Non-Executive
	Mr. A. O. Balogun	Non-Executive
	Sir. G. N. Ohuabunwa	Non-Executive
	Engr. G. E. Omene	Non-Executive
	Prof. E. N. Sokomba	Non-Executive
	Prof M. M. Iwu	Non-Executive
	Sir. I. T. Onyechi	Non-Executive
	Mr. T. T. Osobu	Non-Executive

**SECRETARY:
REGISTERED
OFFICE:**

Mrs. F. I. Onyenekwe
1, Henry Carr Street
Ikeja Industrial Estate, Ikeja.
Telephone: 08158422346, 08033128663
E-mail: info@neimethplc.com.ng
Website: www.neimethplc.com.ng.

AUDITORS:

PKF Professional Services
PKF House, 205A Ikorodu Road Obanikoro, Lagos.
018042074, 017734940, 017748366

REGISTRARS:

Meristem Registrars Limited
213, Herbert Macaulay Way
Adekunle – Yaba, Lagos.
Telephone Nos: 01-8920491 – 2
E-mail: info@meristemregistrars.com

**LEGAL ADVISER/
SOLICITOR:**

Chris O. Omolabi, LL.B, BL(HONS) LL.M
10, Adetokunbo Ademola Street,
Victoria Island, Lagos
E-mail: dec8_2000@yahoo.com
Telephone: 08033063829

BANKERS:

Diamond Bank Plc
Guaranty Trust Bank Plc



MAJOR STATEMENT OF COMPREHENSIVE INCOME ITEMS:

	Year ended 30-Sept-16 N'000	Year ended 30-Sept-15 N'000	% Change
Turnover	2,001,815	1,460,728	37
Profit/(Loss) before taxation	95,361	(315,772)	130
Profit/(Loss) after taxation	65,093	(335,684)	119
Share Capital	784,776	784,776	-
Shareholders' funds	1,222,418	1,157,325	6

Per Share Data:

Earnings per share (Kobo) (Basic)	4	(21)
Dividend per share (Kobo)	-	-
Net assets per share (Kobo)	78	74
Number of employees	188	231
Market price as at 30 th September	0.90	1.02



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 58th Annual General Meeting of the members of NEIMETH INTERNATIONAL PHARMACEUTICALS PLC. will be held at Oranmiyan Hall, Lagos Airport Hotel Limited, 111 Obafemi Awolowo Way, Ikeja, Lagos on Tuesday, 7th February, 2017 at 11.00 a.m. in the forenoon to transact the following report businesses:

ORDINARY BUSINESS:

1. Receive Report of the Directors, Statement of Financial Position as at September 30th, 2016 together with the Statement of Comprehensive Income for the year ended on that date and the Reports of the Auditors and Audit Committee thereon.
2. Re-elect Directors
3. Approve the remuneration of Directors
4. Authorize the Directors to fix the remuneration of the Auditors for the ensuing financial year
5. Elect members of the Audit Committee

SPECIAL RESOLUTION:

"That pursuant to Articles 119 and 121 of the Memorandum and Articles of Association of the company, the recommendation of the Directors that the sum of N78,477,566.50 being part of the sum standing to the credit of share premium be capitalized and that the Directors be and they are hereby authorized to appropriate such sum to the holders of ordinary shares registered at the close of business on Tuesday, 31st January, 2017 in the proportion to the number of ordinary shares then held by them respectively to apply such sum on behalf of such holders in paying in full 156,955,133 of the unissued ordinary shares in the capital of the company, such shares to be allotted, distributed and credited as fully paid up, to and amongst such holders in proportion of 1 for 10 ordinary shares then held and that such shall rank for all purposes pari-passu with the existing issued ordinary shares of the company."

NOTES:

1. PROXY:

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

A form of proxy is enclosed and if it is to be valid for the purpose of the meeting, it must be completed and deposited at the Registered Office of the Company at 1, Henry Carr Street, Ikeja, or The Registrar, Meristem Registrars Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos not less than 48 hours before the time for holding the meeting.

2. CLOSURE OF REGISTER AND TRANSFER BOOKS

The Register of members and Transfer Books of the Company will be closed on Tuesday, 31st January, 2017 and re-open on Friday 3rd February, 2017 for the purpose of updating the records.

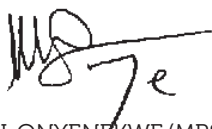
3. AUDIT

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

4. RIGHTS OF SECURITIES' HOLDERS TO ASK QUESTIONS

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

Dated this 4th day of January, 2017



F.I. ONYENKWE (MRS.)
Company Secretary
FRC/2014/ICAN/00000010082
Registered Office
1, Henry Carr Street, Ikeja.



Distinguished shareholders, members of the Board, invited guests, gentlemen of the press, Ladies and Gentlemen. I have the pleasure to welcome you to the 58th Annual General Meeting of Neimeth to consider the reports and results for the period ended September 2016.

THE OPERATING ENVIRONMENT THE GLOBAL PERSPECTIVE.

The compound malaise of economic slowdown and socio-religious animus that dogged the world with greater intensity since 2014 defied any meaningful global resolution during 2016. GDP in countries that usually pulled the world out of economic recession continued to lag behind their spring-strength. The Chinese economy grew its GDP at annual rate of 6.7% in 2015 and was forecast to end 2016 at 6.5%. These figures are considered insufficient to maintain internal stability in China let alone be a spring board for other regions in need of growth support. The US economy with annual GDP growth of 2.2% in 2015 was not better off with forecast annual GDP growth rate of 1.6% at close of 2016. The Euro zone's annual GDP growth of 1.7% in 2015 remained sluggish outside Germany. These gloomy pictures produced in Europe and America a resurgent social temperament of insularism. A World that folds inward now cloaked as populism or nationalism. Yet, we are unaware of any body of economic study disproving the subsisting theory that leveraging on the unique resources and specializations of various parts of the world humanity produces greater quantities and qualities of goods and services for the whole. The inability of today's governments worldwide to establish fair and equitable distributive and exchange mechanisms had created in Europe and America the backlash of calls for near autarky economies. Hence, the World Bank's finding that over a period of five years - 2010 to 2015 - the world economy contracted 1.72% should not come to us as a surprise. A fragmented world is economically less efficient and the price is partly paid in human conflicts of various hues.

From about USD47 in late 2014, crude oil price continued its slide down the slope until it floored at about USD30 a year later. Although it had maintained upward trend since February 2016, attaining barely USD38 by the third quarter of 2016; the pace of its recovery had neither been sufficient to pull countries dependent on commodities out of doldrums nor had its lack of quick rise provided impetus to the traditional centres of manufacturing in Europe and America to rescue the economies of the world from faltering.

Global conflicts especially in the Middle East and other centres of religious intolerance continued to deny world leaders the single minded focus and solidarity required to deal with this global economic crisis that had its deep roots in the 2008 world economic collapse. Major gatherings of world leaders in 2016 under whatever auspices spent more time on political conflicts; leaving economic crises that breeds discontentment no champions for its resolution.

A fragmented world is economically less efficient and the price is partly paid in human conflicts of various hues.



THE NATIONAL OUTLOOK

Having missed the opportunity of bold economic initiatives that come with new governments in 2015, the Nigerian economy had been left at the mercy of experimentations. Inflation that was at single digit when we met here a year ago had reached 18.48% by November 2016. Exchange rate (a major factor in the poor performance this year by many industries especially the manufacturing sector) had grown by more than 55%, measuring with the elusive official rate. The tragedy is however not its price but its access! The nation's annual GDP that managed to end 2015 at 3% growth, had by the third quarter of 2016, moved southward 2.24%, year on year, with the projection that 2016 would end at negative growth of 2.2%. Manufacturing in Nigeria could not be more challenging at any other time than this. Nations do live through periods of economic and sometimes social dislocations. During such times overcoming the challenges of economic hardship becomes easier with humane collective policies devoid of divisiveness and economic walls. The absence of national energy resource plan as an integral part of comprehensive infrastructural renewal program will continue to leave the manufacturing sector of our economy frustrated, confused as to its reason for existence and perpetually under-performing their counterparts from all over the world.

THE COMPANY

The Board of your company continued to implement its strategic vision that I outlined for you last year. As part of that initiative to "overhaul the corporate structure of Neimeth in such a way that it will refocus the company for meaningful and sustainable growth", I introduced to you our current Managing Director, Mrs Ebere Igboko-Ekpunobi Ph.D. Our result laid before you today, achieved in spite the harsh economic environment I detailed earlier is best testament of the outcome of that decision by your Board and the pointer to our collective effort to reposition your company. Not-with-standing the visible positive result achieved, the restructuring your Board envisaged is a work-in-progress. Working with the new M/D we shall continue the restructuring program for optimal results.

Our resolve to consolidate the company's local research and product development strategy remain on course not-with-standing the crippling challenges imposed on local manufacturing by the lack of sovereign support policies. Your company is currently concluding the clinical reports of its multi-centre studies on Ciklaviv held here in Nigeria and Ghana. The satisfactory conclusion of the clinical reports will lead to upgrade of the product into full drug status. Other studies are on-going to reduce the manufacturing cost of our existing products for the benefit of our customers. As part of this product development vision, your Board is still working to be part of the club of Nigerian pharmaceutical companies with manufacturing plants approved by World Health Organization (WHO) which can manufacture products that are WHO pre-qualified. May I take this opportunity to extend our gratitude to the members of the Board Innovation and Strategy Committee headed by Professor Maurice M. Iwu for their commitment and services.

Improved asset quality and cash flow, the outcomes of our eighteen months old realigned market participation strategy, which de-emphasized wide-spread retailing, continues to excite your Board. We are however not complacent as your Board keeps working to develop International strategic alliances with pharmaceutical manufacturers in South Asia and China as a means of further growing our revenue as well as providing bulwark against unanticipated domestic market shocks.



Our vision is to re-emerge a strong domestic company with international attributes. To assist in actualizing this aspiration, your Board had authorized management to undertake comprehensive digitalization of the operations and processes of the company. This project that is currently underway will lead to further changes in structure, costs and profitability of the company in the outer years.

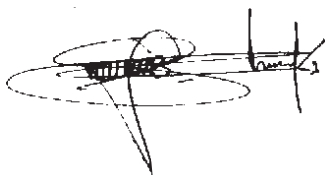
THE RESULT

The result for the 2016 operations before you speaks of tremendous effort on the part of the new management. With a profit before tax of =N=95.4million (after FX loss adjustment of over =N=200m and other prudential receivables provisions) against a corresponding loss of =N=315.8m the previous year, the turnaround had been remarkable. In spite of this cherry news your Board is unable to recommend cash dividend due to the company's legacy of negative revenue reserves. In the alternative, your Board recommends a one-for-ten bonus shares out of the existing share premium reserves. This return that translates to approximately 10k per share is our way of appreciating the sacrifices and patience of our members. Your Board feels confident in proclaiming that the future is bright.

The absence of national energy resource plan as an integral part of comprehensive infrastructural renewal program will continue to leave the manufacturing sector of our economy frustrated, confused as to its reason for existence and perpetually under-performing their counterparts from all over the world.

CONCLUSION

With the challenges facing the entire economy and in particular the manufacturing sector, the next few years will test to the limit the survival skills of our domestic manufacturers. Not having coherent national long term industrial development strategy by government is not going to make it any easier. We must all rededicate our efforts to finding creative solutions to the challenges our company will face in the years ahead. I wish to thank the staff and management for their effort in 2016 that produced such visibly positive result. I urge them to sustain the momentum in the coming year. The Board had shown great tenacity in its determination to see the company turn a positive bend. I thank you. To our shareholders who have been extremely supportive during these years of losses the Board and Management is grateful for your forbearance. Finally we thank the Almighty God, our source of strength and hope, for His mercies that had seen us thus far.



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



Give **Stress** the **Final Dose**

take
**Homtamin G
Capsules**

*Korean Ginseng Extract,
Multivitamins, Minerals and Aloe Vera*



**1
CAPSULE
DAILY**



...the complete stress buster!

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



NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

...still the trusted name in family medicine

www.neimethplc.com.sg

Distinguished shareholders, Mr. Chairman, Members of the Board of Directors, Invited Guests, Ladies and Gentlemen of the press, Ladies and Gentlemen. I am pleased to welcome you to this 58th Annual General Meeting of our company. As you are all aware I joined this great company in November 2015 and thus, it is a privilege for me to report back on my first year as your MD/CEO.

BACKGROUND

The context in which Neimeth PLC operated in 2015/16 business year was very challenging. The Chairman's report has elaborated on the many external factors which contributed in constraining the Nigerian economy and thus impacted the pharmaceutical industry. Due to several economic and political factors, local and global, the Nigerian pharmaceutical sector experienced a slow growth rate of 4.4% when measured in the local currency (N). When measured in US Dollars, there was a significant decline of value by over 17%. The major constraining factors for local pharmaceutical manufacturers in Nigeria included limited access to foreign currency for importing raw materials, relative higher tariff on imported raw materials, as compared to finished products, abundance of counterfeit drugs, lower health spending by the government, and a lower proportion of government spending on pharmaceutical as a percent of total health expenditure.



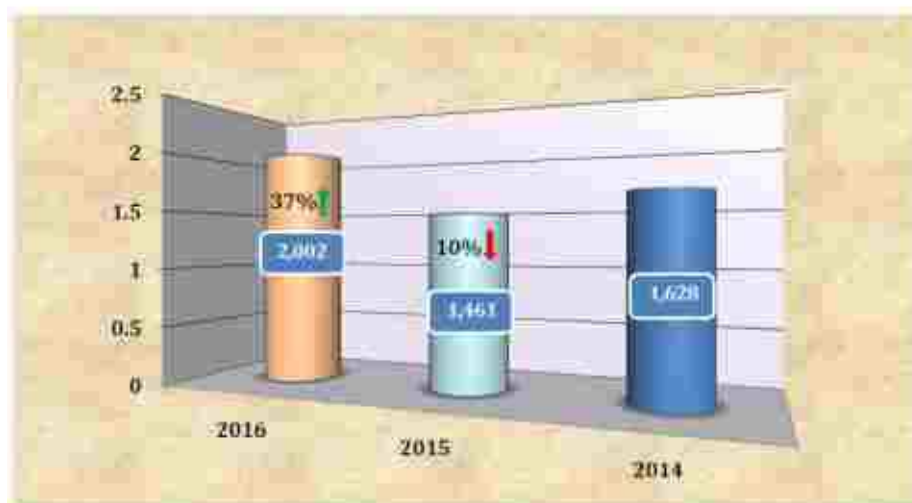
COMPANY OPERATIONS

As you may recall we planned to employ three strategic imperatives to anchor our company transformation in the short term. Following is a synopsis of our performance and results under the three strategic imperatives:

1. Revitalize Sales and Generate More Revenue

Sales maintained a positive gradient through the year and ended on N2.002B, short of the N2.5B budget, but a 37% improvement over previous year.

SALES IN MILLIONS FOR 2014, 2015 AND 2016



It was necessary to revitalize the field force and several measures were taken to recruit and retrain sales representatives. Part of this strategy entailed forging a closer working relationship with the representatives employed by the major distributor for ~80% of our portfolio, World Wide Commercial

Ventures Ltd, (WWCVL). We synergized better with WWCVL to approach our customers. For our in-Line portfolio (non-WWCVL-distributed), we also established clear goals and strategies to target major distributors. Overall, our efforts, though not sufficient to meet our annual sales target of N2.5B, enabled us outperform our previous year's achievements by 37%. A sales promotion run for both our WWCVL portfolio and for our in-Line products in the 2nd half of the fiscal year contributed significantly to our overall annual sales achievement of N2.0B.

1. Reduce Costs and Optimize Efficiency

Cost of sales was 38% of sales, enabling a 62% production margin. This exceeded the budget expectation of 56% cost as a proportion of sales and last year's performance of 47% production margin. All other major expense categories (total marketing and distribution, General Administrative) dropped compared to last year and were managed below budget expectations. Notably, bank charges dropped significantly by 47% compared to last year. A review of write-offs of non-performing receivables as a percent of sales fell to 10% (from 21%) indicating our success in increasing cash vs credit sales.

**INCREMENTAL PROVISION/WRITE OFF OF NON-PERFORMING
RECEIVABLES TO SALES
(N'm)**



Given the difficulties stemming from the national economy, several challenges were beyond our control. It was therefore imperative to manage our internal operations very closely and improve our processes, wherever possible. Investments were made to re-engineer manufacturing operations and to diagnose issues for improvement. New practices were adopted which contributed to better inventory management, production planning, and coordination between manufacturing and sales and marketing activities.

1. Transform The Organizational Culture Towards "A New Neimeth."

Perhaps this is the most complex of our strategic imperatives as it underpins our ability to succeed in all other areas of business. Concerted effort was made towards optimizing our talent pool through

Investments were made to re-engineer manufacturing operations and to diagnose issues for improvement. New practices were adopted which contributed to better inventory management, production planning

training and performance management. As a corporate body, we identified certain aspects of our culture we were determined to change. We strengthened our internal audit department to enhance internal controls across the board. We collaborated more across departments and worked harder at "putting Neimeth first." The sales and marketing organization, in particular, strived harder to follow through on commitments made to external customers. Feedback from customers who participated in the 2nd Half Sales Promotion confirmed that the efforts made to reward every customer in accordance with their level of participation was well-received. Many customers observed that Neimeth company culture was indeed changing for the better.

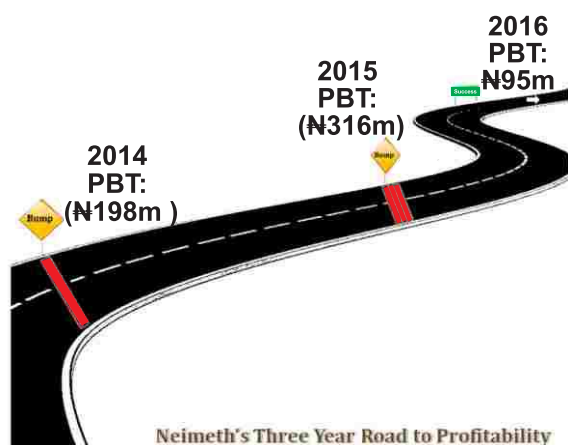
In addition to the above short-term focused strategies, we also invested in some research and

The sales and marketing organization, in particular, strived harder to follow through on commitments made to external customers

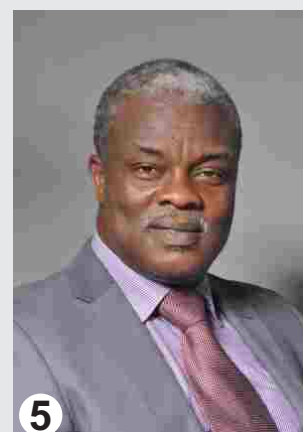
development activities with a view to long-term growth. We undertook accelerated stability studies, the results of which should enable us switch from glass to plastic bottles for some key products. This will further bolster our cost containment and customer satisfaction efforts. We also explored new partnerships in Asia for some quick-wins in the procurement of current raw materials, as well as strategic alliances to optimize and expand our product portfolio. Regrettably, despite some early signs of agreement on the Daewoo debt, we were not able to resolve the matter during the year in review. It therefore remains an issue for which we must continue to contend for yet another year.

CONCLUSION

In conclusion, we ended the year with a Profit Before Tax (PBT) of N95.4M, which is a reversal of last year's loss position of N315.8, though falls short of our projected PBT. Our costs were managed below budget, despite the national economic challenges. The continued national economic crisis does not bode well for future performance in our industry, nor for our company. Nevertheless, we are determined to stay the course of the transformation we initiated in the past year.



Ebere Igboko Ekpunobi (Ph.D)
MD/CEO



1 Ebere Igboko Ekpunobi - (Ph.D)

2 Christopher U. Mmeje

3 Isaac O. Igbanoi

4 Roseline A. Oputa

5 Adekunle A. Adebowale

6 Ijezie .M. Emedosi

7 Florence I. Onyenekwe



The Company is committed to best corporate governance practices and high ethical conduct by institutionalizing a process of regularly reviewing our processes and practices to align them with the Code of Corporate Governance in Nigeria.

THE BOARD AND ITS COMMITTEES

The Board has overall responsibility for ensuring that the Company is appropriately managed and achieves the strategic objectives agreed by the Board. To enable it carry out this responsibility, the Board requires from Management the appropriate information concerning the business, including relevant information on risk exposures, internal controls and external developments. The Board executes its mandate through regular meetings and committees.

The Company's Articles of Association provide that the Company's Board shall consist of not more than thirteen directors. During the year, the Board comprised of 11 Directors, 9 of which were non-Executive and 2 Executive Directors including the Managing Director/Chief Executive Officer. The Board is headed by a non-Executive Director who provides leadership.

THE ROLE OF THE BOARD

Specific issues reserved to the Board or its committees include:

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

RECORD OF DIRECTORS' ATTENDANCE

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

S/No	Membership	Status	Number of Meetings Attended				
			Feb. 11 th 2016	27 th April 2016	14 th Jul 2016	27 th Oct. 2016	5 th Dec. 2016
1	Dr. A.B.C. Orjiako	Chairman	✓	✓	✓	✓	✓
2	Ebere Igboko Ekpunobi (Ph.D)	MD/CEO	✓	✓	✓	✓	✓
3	Mazi S. I. Oluabunwa	Member	✓	✓	✓	✓	✓
4	Prof. M. M. Iwu	Member	✓	✓	✓	✓	✓
5	Mr. A. O. Balogun	Member	✓	✓	✓	✓	No
6	Engr. G. E. Omene	Member	✓	No	✓	✓	✓
7	Mr. C. U. Mmaje	Member	✓	✓	✓	✓	✓
8	Prof. E. N Sokomba	Member	✓	No	✓	✓	✓
9	Mr. T. T. Osobu	Member	✓	No	✓	✓	✓
10	Sir G. N Oluabunwa	Member		✓	No	No	No
11	Sir I. T Onyechi	Member	✓	✓	No	✓	✓

COMMITTEES OF THE BOARD

The Board has a number of committees which advise it on specific issues such as Innovation/Strategy, Finance/ Budget /Internal Audit and Establishment /Remuneration.

The Board ensures that the company's objectives are implemented through its committees constituted as shown below:

S/No	Committees	Membership	Status	Number of Meetings Attended			
	Finance/Budget/ Internal Audit			3 rd Sept 2015	1 st Feb 2016	14 th April 2016	Sept 23 rd 2016
1		Engr. G. E. Omene	Chairman	✓	✓	✓	✓
2		Prof. E. N Sokomba	Member	No*	✓	✓	✓
3		Mr. A. O. Balogun	Member	✓	✓	✓	No*
4		Mr. C. U. Mmeje	Member	✓	✓	✓	✓

	Innovation / Strategy			Feb. 11 th 2016	Apr. 19 th 2016	Jul. 5 th 2016	Oct. 26 th 2016	Nov. 24 th 2016
1		Prof. M. M. Iwu	Chairman	✓	✓	✓	✓	✓
2		Mazi S.I Ohuabunwa	Member	✓	✓	✓	✓	✓
3		Mr. T. T. Osobu	Member	✓	✓	✓	✓	✓
4		Sir I. T Onyechi	Member	No*	✓	No*	✓	No*
5		Sir G. N Ohuabunwa	Member	No	No	No*	No*	✓
6		Mr. A. O Balogun	Member	✓	✓	✓	✓	✓

	Establishment / Remuneration			Nov.2 nd 2016	Nov.9 th 2016
1		Mr. A. O. Balogun	Chairman	✓	✓
2		Eng. G. E Omene	Member	✓	✓
3		Mr. Thomas T. Osobu	Member	✓	✓
4		Sir I. T Onyechi	No	✓	✓

* With apologies



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

AUDIT COMMITTEE

The Committee comprises six members, three representing shareholders and three representing the board. In accordance with section 359(4) of the Companies and Allied Matters Act CAP C20 LFN 2004, the following members and Directors were elected and nominated pursuant to Section 359(5) of the said Act and will serve on the Committee up to the conclusion of year 2016 Annual General Meeting. Members of the committee with meetings attended.

S/No	Membership	Status	Number of Meetings Attended			
			April 26 th 2016	Jul 12 th 2016	Sept 27 th 2016	Nov. 21 st 2016
1	Dr. M. O Ojinka	Chairman/S.Rep	✓	✓	✓	✓
2	Alh. A. O Ajagun	S/holders .Rep	✓	✓	✓	No
3	Prince Bunmi Adebajo	S/holders .Rep	No	No	✓	No
4	Mr. A. O. Balogun	Director	✓	✓	✓	✓
5	Engr. G. E. Omene	Director	No	✓	✓	No
6	Sir T. I. Onyechi	Director	✓	✓	No	✓

The meetings of the Committee were held and the functions of the committee are provided in section 359(6) of the Companies and Allied Matters Act Cap C20 LFN 2004.

UNCLAIMED DIVIDEND

Total unclaimed dividend fund in the company stood at approximately N14,675,009.72 as at 30th September, 2016.

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

RELATIONS WITH SHAREHOLDERS

The Company remained committed to the sustenance of very good relationship with its shareholders and continued to maintain good level of communication through various programmes including the Annual General Meeting and shareholders' forum organized to interact with them. As part of the strategy to create additional value for our shareholders, and in line with our commitment to good corporate governance, we request all shareholders to complete the detachable form for e-bonus to enable us credit their account through Central Securities Clearing System (CSCS). The completed form will provide our Registrar, Meristem Registrars Limited with the shareholders' CSCS account.

NEIMETH'S SECURITIES TRADING POLICY

- In accordance with Rule 14.1 of the Amendments to the Nigerian Stock Exchange Listing Rules, every Issuer shall establish a Securities Trading Policy which shall apply to all employees and directors of the company, and shall be circulated to all employees that may at any time possess any inside or material information about the Issuer.

- It is pursuant to the above mentioned NSE Rule that Neimeth International Pharmaceuticals Plc.'s Securities Trading Policy is formulated.
- This Policy is designed to ensure compliance with NSE's Rule that no director, person discharging managerial responsibility or adviser of the Company and persons closely connected shall trade in the Issuer's securities during sensitive, restricted or closed periods.
- Having made specific enquiry of all our directors, they have complied with the stipulated standards regarding securities transactions by directors, as enshrined in the policy.
- This policy is available on the company's website (www.neimethplc.com.ng).

NEIMETH'S COMPLAINT MANAGEMENT POLICY

- In accordance with the Securities and Exchange Commission Rules (SEC Rules) Relating to the Companies Management Framework of the Nigerian Capital Market (the Framework) of 16th February, 2015 and the Nigerian Stock Exchange Directive (NSE Directive) (NSE/LARD/LRD/CIR6/15/04/22), every listed company is required to establish a clearly defined Complaints Management Policy to handle and resolve complaints within the scope of the Framework.
- It is pursuant to the above mentioned SEC Rule and NSE Directive that Neimeth International Pharmaceuticals Plc. has formulated a Complaint's Management Policy.
- This Policy is designed to effectively and efficiently handle and resolve complaints in a fair, impartial, timely and objective manner.
- All Complaints shall be addressed as follows:
The Company Secretary
Neimeth International Pharmaceuticals Plc.
1, Henry Carr Street, Ikeja
P. M. B. 21111
Lagos State

Telephone: +234 815 842 2346, 08033128663

E-mail: info@neimethplc.com.ng or florence.onyenekwe@neimethplc.com.ng

This policy is on the company's website (www.neimethplc.com.ng).



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

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

Neimeth has the vision to be the leading healthcare company and a leader in corporate Nigeria, through the achievement of excellence in delivering competitive and high quality products and services.

MARKETS, PRODUCTS & DISTRIBUTION

I. Markets & Products

To ensure achievement of set operational objectives and desired business growth, Neimeth current business structure is unified, adopting the traditional sales & marketing management styles. Embedded in this structure are Pharmaceutical and Veterinary business arms structured into territorial markets for ease of management and control. The Nigerian market and ECOWAS markets are thus similarly structured into districts and regions where Neimeth's products are distributed.

Nigerian Market

Our Nigerian market is made up of the (a) Pharmaceuticals business, (b) Veterinary Business and (c) Disease Prevention/Control Business

a. Pharmaceuticals business:

Under Neimeth's pharmaceutical business, it is broadly made up of (i). Ethical Products: comprising of Neimeth branded ethical products including our flagship home grown product CIKLAVIT for the management of sickle cell disease. In addition products such as Normoretic, flexodene, Tiocosid, etc and new branded generics are part of the portfolio. Also we have (ii.) Consumer Products: comprising over fifteen [15] major product groups divided into several presentations.



High volume products like NCP, Pyrantrin, Obron – 6, Homtamin G and Pancemol are included as part of consumer products portfolio. Also (iii) Disease Control Products: Neimeth will shortly commence local production of quality assured Long Lasting Insecticidal Nets (“LLINs”) (e.g. School nets, Travel nets, Military mosquito nets, and conical and rectangular nets, etc.) that meet the World Health Organisation (“WHO”) and other local regulatory bodies' specifications and quality within Nigeria. This is as a result of Neimeth joint-venture arrangement with Landcent (China) Industrial and Development Company Limited (“Landcent”) as Technical Partner.

b. Veterinary Business:

Neimeth in 1997 re-entered the lucrative Nigerian Animal Health business, which has very robust volume and profit potentials. We introduced our own brand of poultry and large animal range of anthelmintics, as well as production enhancing medicaments. We also entered into strategic alliances in key disease areas that show great business potentials. We now expect to regain a controlling market share in few years.

ECOWAS Market

Neimeth is firmly on ground in the Anglophone West African Countries of Ghana, Sierra Leone, Liberia and the Gambia. Our presence in the ECOWAS market is currently limited to pharmaceutical business with key products like Ciklavit, Homtamin G, NCP been registered there and are in rising demand.

Neimeth 's List of Ethical & Consumer Products

S/ N	PRODUCT NAME	NAFDAC NO.	ACTIVE INGREDIENTS	INDICATIONS
1	Amlovar Tablets 10mg	A4-0333	Amlodipine 10mg	Hypertension
2	Amlovar Tablets 5mg	A4-0332	Amlodipine 5mg	Hypertension
3	Antimal Tablet	04-1951	Sulphadoxine 500mg / Pyrimethamine 25mg	Malaria/Intermittent Preventive Therapy in Pregnancy
4	Chlorbinese X 250mg	04-7517	Chlorpropamide 250mg	Management of Diabetes Mellitus
5	Ciklavit Syrup	04-2506L	Cajanus Cajan	Nutritional Supplement
6	Flexodene Capsules 20mg	04-8470	Piroxicam 20mg	Pain Relief
8	Flucosid Capsules 50mg (Oral)	A4-0333	Fluconazole 50mg	Candidiasis

S/N	PRODUCT NAME	NAFDAC NO.	ACTIVE INGREDIENTS	INDICATIONS
9	Gyno Tiocosid tablets (Topical)	A4-0705	Tioconazole 100mg	Vaginal Candidiasis
10	Hemafofin Capsules	04-2022	Multivitamin/Iron/Minerals	Blood Tonic
11	Hemafofin Tonic	A4-4548	Multivitamin and Iron	Blood Tonic
12	Homtamin G. Capsules	04-2555	Multivitamin Ginseng extract /Aloe Vera/	Stress Management
13	Necotrim Suspension	04-2377	Co-trimoxazole 240mg/5ml	Bacterial Infection
14	Necotrim Tablet	04-2117	Co-trimoxazole 480mg	Bacterial Infection
15	Neimelyn Cough Syrup	A4-0503	Diphenhydramine HCl	Cough
16	Normoretic Tablet	04-3817	Amiloride/ Hydrochlorothiazide	Management of Hypertension
17	Miniplus Tablet 0.5mg	04-7955	Prazosin/Hydrochlorothiazide	Anti-hypertensive
18	Norduet Tablet 5mg / 12.5mg	B4-1744	Amlodipine Besylate 5mg / Hydrochlorothiazide 12.5mg	Anti-hypertensive
19	Norduet Tablet 7.5mg / 12.5mg	B4-1745	Amlodipine Besylate 7.5mg / Hydrochlorothiazide 12.5mg	Anti-hypertensive
20	Co-Amoxiclav Tablet 625g	B4-2496	Amoxicillin + Clavulanic Acid	Antibiotic
21	Co-Amoxiclav Tablet 1g	B4-2498	Amoxicillin + Clavulanic Acid	Antibiotic
22	Co-Amoxiclav Susp(POS) 228mg/5ml	B4-2497	Amoxicillin + Clavulanic Acid	Antibiotic
23	Metris Infusion 150mg/100ml	04-7602	Metronidazole	Antiprotozoal
24	Biocip Infusion 200mg/100ml	A4-4966	Ciprofloxacin	Antibiotic

S/N	PRODUCT NAME	NAFDAC NO.	ACTIVE INGREDIENTS	INDICATIONS
25	Nimartem Tablet x 24	A4-3524	Artemether / Lumefantrine 20/120mg	Anti-malarial
26	Nimartem QS Tablet x 6	B4-3215	Artemether / Lumefantrine 80/480mg	Anti-malarial
27	Obron-6 Capsules	04-1748	Multivitamin /Iron/Minerals	Pregnancy and Lactation
28	Osinex Syrup	04-0085	Chlorpheniramine, Phenylephrine Dextromethorphan, Glyceryl guaiacolether	Cough & Cold
29	Pancemol Elixir	04-2115	Paracetamol 125mg/ 5ml	Analgesia
30	Pancemol Tablet	04-2116	Paracetamol 125mg/ 5ml	Analgesia
31	Pyrantrin Suspension.	04-7510	Pyrantel Pamoate 250mg/5ml	Worm Infestation
32	Pyrantrin Tabs 125mg X 6s	04-7511	Pyrantel Pamoate 125mg	Worm Infestation
33	Tronid Suspension	04-7729	Metronidazole 200mg	Bacterial Infection
34	Tronid Tablet	04-7784	Metronidazole 200mg	Bacterial Infection
35	Unaben Suspension	04-9938	Albendazole 200mg/5	Worm Infestation
36	Nimetol Antiseptic	A4-2425	Di Chloroxylenol 2.0%	Skin/General disinfection
37	Hibilon Antiseptic	A4-2651	Chlorhexidine Gluconate	Skin/General disinfection
38	NCP Liquid 25ml / 50ml / 100ml /	04-8475	Chlorinated Phenols	Antiseptic/Disinfectant
39	NCP Hand Sanitizer 30ml	03-2897	Ethyl Alcohol 62% (w/v) / Isopropyl alcohol 3.30% (w/v)	Antiseptic

II. Distribution

We have depots located in Lagos, Abuja, Ibadan, Onitsha, and Aba. These depots serve as our contact offices in these areas. Currently we have about 100 sales men that cover all the 36 states of Nigeria. We also have key distributors and wholesalers who represent our interests in areas where our depots are absent. (Contact us for the distributor's name and address closest to you).

RESEARCH & DEVELOPMENT

Neimeth has committed a substantial amount of money to Research and Development (R&D) in the recent past. This flows from Neimeth's mission statement that we will "add value to indigenous research". Our effort in this area is double faceted: Internal and External.

Our Internal R&D activities include formulation of new products, re-formulation of existing products to enhance efficacy, create new therapeutic uses, increase sales potentials and profitability as well as usage extensions. Achievements in this area include the re-formulation of Minizide, our flagship antihypertensive drug for blacks to give birth to our new product Miniplus. Our Internal R&D efforts lead to the launch or re-launch of 11 (eleven) Human products and 8 (eight) Veterinary products.

With the re-establishment of a sterile business unit after our recapitalisation drive in

2005, we rolled out 4 (four) injectable veterinary antibiotics and several injectable human antibiotics, anti-malarials, antipyretic, and anti-rheumatic drugs within eighteen months. R&D work on all these products is well advanced.

Our External R&D work entails working with Medical Scientists/Researchers to develop new products, conduct drug clinical trials and in-vitro drug studies. These drugs could be natural, and/or chemical (synthetic), oral, or parenteral. To this end, we review research work in our indigenous Universities based on local raw materials, focusing on specific disease areas that are generally neglected by the global/multinational companies. We seek to provide new local health remedies in these areas at affordable costs. Our first success in this area is Ciklavit; the first homegrown natural product for the effective management of Sick Cell disease. Our work on other phytomedicines such as Physogen and Streptol for common cold and throat infections respectively has advanced significantly. Malaria, Diabetes and HIV/AIDS are ailments that are also in the very centre of our efforts. Our Mission is to expand and grow the exportation of health solutions to other countries after meeting local needs.

MANUFACTURING & CERTIFICATIONS

The Neimeth manufacturing plant is situated on 20 acres of land with enough space for future expansion. The Neimeth manufacturing plant is installed to manufacture a wide range of pharmaceutical and veterinary products: Tablets, Capsules, Ointment/Creams, oral and Consumer Liquids, Powders, etc. in diverse packaging presentations.

The manufacturing Plant has Good Manufacturing Practice (GMP) compliance, as it is certified by NAFDAC and licensed to manufacture pharmaceuticals by Pharmacist Council of Nigeria ("PCN"). The Plant is also

equipped with in-house water treatment facility with De-ionisation and Distillation capabilities. We make continuous efforts in upgrading our Plant and this is evident by our periodic restructuring and upgrading of the equipment and machineries to accommodate new opportunities that have emerged in form of excess capacity utilization for contract manufacturing, product customization and product analysis.

To further expand our manufacturing capabilities, Neimeth International Pharmaceuticals Plc has also officially kicked off the construction of its N5 Billion Pharmaceutical Complex situated on an area covering 2.56 hectares of land in Anambra State. The new facility is poised to meet the relevant National and International standards and is already WHO pre-qualified to manufacture products which treat diseases prevalent in Nigeria and Africa including Malaria, TB, HIV, Hypertension etc.

Neimeth's has her products registered and available in other ECOWAS (Economic Community of West African States) countries and is therefore committed to meeting international best practice standards. The Company is currently NIS ISO 9001: 2008 and NIS ISO 14001:2004 certified.

COMMUNITY SERVICE

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

One of such health educational strategies is the Pyrantrin Kids Club (PKC). It is a health educational club for children aged 4-13 years. It has been well documented that Children serve as the main transmission link in worm infestation. Membership is spread across the 36 states of the Federation. It has numerous enviable membership benefits like birthday celebrations, scholarships, etc. Membership strength, it is expected to grow in the coming years.

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

Other community health educational programmes include our "Fight the Good Fight Against Hypertension" (FITGAH). The programme enlightens Nigerians on the dangers of hypertension and diabetes and useful tips on ways to remedy them. It also offers half the price of hypertensive drugs to those diagnosed of the health issue.

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

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

Also, Malnutrition results in mental and physical development of 1 out of 3 children in developing countries like Nigeria. Nutrisol is a partnership initiative to provide rational solution to this growing problem at reduced cost; thereby improving health, welfare and nutritional status of every family in Nigeria and giving tremendous visibility to government with attendant socio-political benefits.

The consequences of Guinea worm infection on victims are known to be quite devastating. Fortunately these are reversible. It is estimated that over 2.5 million Nigerians are infected every year with far reaching impact on our economy, food production, etc. Neimeth offers solutions that will institute collaborative efforts involving Ministries of Health, Education, Information and Water Resources through her Guinea Worm Eradication Programme (G-WEP).

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

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

Neimeth has also offered numerous scholarships to children and students alike. Her community welfare activities also involve sponsorship of numerous NGOs, Schools, Churches, Overseas fellowships, Professional travel, medical treatment for individuals, course/seminar sponsorship among others.

HEALTH, SAFETY & ENVIRONMENT POLICY

In our commitment to be the leading healthcare manufacturing company and leader in corporate

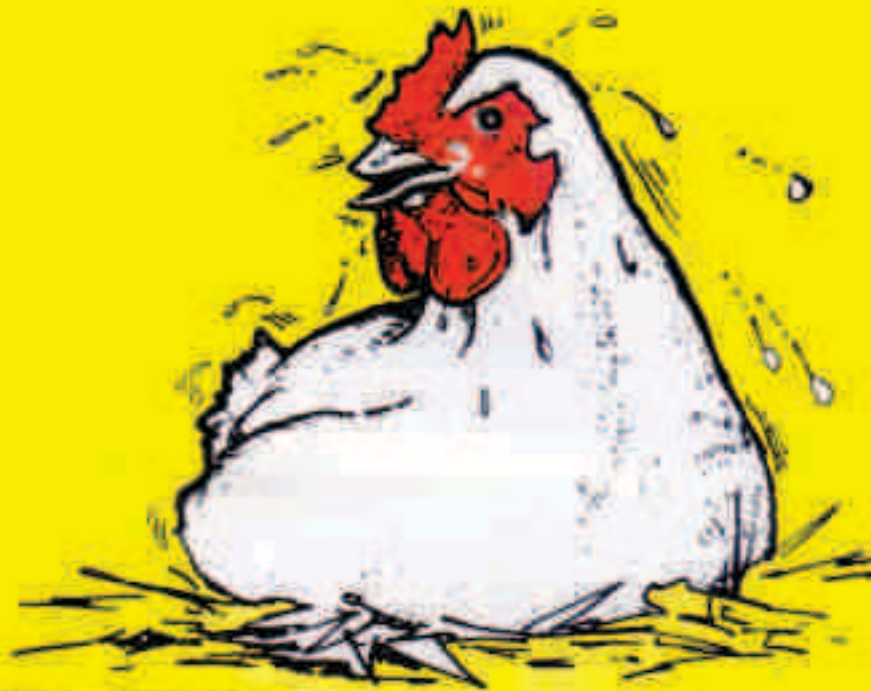
Nigeria, Neimeth has ensured that all its operations are conducted in a manner consistent with the relevant applicable laws. Our Health, Safety & Environment ("HSE") Policy is just one of the important values Neimeth has adopted in ensuring operational excellence and international best practice compliance. Therefore, Safety and Health of our workforce and our Environment Protection are important to our success.

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

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

Training: We will ensure that employees and contractors understand their HSE responsibilities, that they have the right training for their jobs and are competent to perform their assignments safely, effectively and efficiently.

Stress Cost Money!



**PRODUCTION LOSSES LAST LONGER
THAN THE STRESS THAT CAUSES THEM.**

STRESS SETS UP CHAIN REACTION.



Neiva Stress combats stress!

Vita-Stress is a water dispersible
multivitamin concentrate for poultry.

NEIVA-STRESS FOR:

Healthier chicks
Rapid growth
Better resistance to disease
Better egg shell quality
Improved fertility

Reduced mortality
Improved feed efficiency
Prevention of egg laying slumps
Greater profitability from poultry and
Livestock Production.

For further details, contact:



Neimeth Pharmaceuticals Plc
1 Henry Carr Street, Ikeja

The Directors submit herewith to the members of the company the statement of the Financial Position as at 30th September, 2016 together with the Comprehensive Income statement for the year ended on that date.

LEGAL FORM

The Company, Pfizer Products Nigeria was incorporated on 30th August 1957 as a limited liability company. It was converted to a public limited company in 1991. On 14th May 1997, Pfizer Inc. N.Y. divested from the company through a management buy-out. The company's name was subsequently changed to Neimeth International Pharmaceuticals Plc by a special resolution. The shares are currently quoted on the Nigerian Stock Exchange.

PRINCIPAL ACTIVITIES

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

INTERNAL CONTROL

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

RESULTS FOR THE YEAR

	N'000
Profit for the year before taxation	95,316
Taxation	(30,268)

Profit after taxation	65,095
	=====

DIRECTORS AND THEIR INTERESTS

- The name of current Directors are shown on page
- The Directors retiring by rotation at this Annual General Meeting in accordance with the company's Articles of Association are Mr. C. U. Mmeje, Sir G. N Ohuabunwa and Prof E. N Sokomba two of whom being eligible, offer themselves for re-election. Sir, G. N. Ohuabunwa is not seeking for re-election.
- The interest of each Director in the share capital of the company are as follows:

DIRECTORS' INTERESTS AS AT SEPTEMBER 30th, 2016

S/N	DIRECTORS	HOLDINGS	INDIRECT INTEREST	HOLDINGS
1	DR. A.B.C. ORJIAKO	*****	ORDREC INVESTMENTS LIMITED	179,918,860
			HELKO NIG. LTD.	158,606,143
2	DR. EBERE IGBOKO EKPUNOBI	*****	*****	*****
3	MR. CHRISTOPHER U. MMEJE	120,000	*****	*****
4	MR. MAZI S.I. OHUABUNWA	109,710,462	MASTA SERVICES COY LTD	5,079,762
			ESI OHUABUNWA & SONS LTD	625,080
5	MR. BALOGUN ADEKOLA OLUGBENGA	7,776,340	*****	*****

6	MR. OHUABUNWA GODFREY NNAMDI	12,932,840	*****	*****
7	MR. OMENE GODWIN EYARUBERE	16,122,414	*****	*****
8	PROF. ELIJAH NDAJ IYA SOKOMBA	500,000	INTERCEDD HEALTH PRODUCTS LTD	372,597,433
9	PROF. MAURICE MMADUAKOLAM IWU	25,697,263	*****	*****
10	MR. IKECHUKWU TAGBO ONYECHI	3,195,000	ALPHA PHARMACY & STORES LIMITED	59,919,999
11	MR. THOMAS TUNBOSUN OSOBU	67,086,448	*****	*****

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, with which the company is involved as at 30th September, 2016.

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 Hlders	Holders%	Holders Cum.	Units	Units %	Units Cum
1 - 1,000	6,750	22.41	6,750	3,030,606	0.19	3,030,606
1,001 - 5,000	13,289	44.11	20,039	31,482,038	2.01	34,512,644
5,001 - 10,000	3,743	12.42	23,782	26,228,722	1.67	60,741,366
10,001 - 50,000	4,974	16.51	28,756	101,403,796	6.46	162,145,162
50,001 - 100,000	696	2.31	29,756	48,622,054	3.10	210,767,216
100,001 - 500,000	543	1.80	29,995	106,010,203	6.75	316,777,419
500,001 - 1,000,000	59	0.20	30,054	39,929,073	2.54	356,706,492
1,000,001 - 50,000,000	65	0.22	30,119	265,033,091	16.89	621,739,583
50,000,001 - ABOVE	6	0.02	30,125	947,811,745	60.39	1,569,551,328
GRAND Total =	<u>30,125</u>	<u>100.00</u>		<u>1,569,551,328</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, 2016

S/N	NAMES OF SHAREHOLDERS	UNITS	PERCENTAGE (%)
1	INTERCEDD HEALTH PRODUCTS LTD	372,597,433	23.74%
2	ORDREC INVESTMENTS LIMITED	179,918,860	11.46%
3	HELKO NIGERIA LIMITED	158,606,143	10.11%
4	OHUABUNWA S. IHEANYICHUKWU	109,710,462	6.99%

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 2016 are given in Notes 10 to 15 of the Statement of Financial Position.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility and business culture demand that a certain percentage of our earnings be ploughed back into the society. Neimeth as a committed corporate citizen indulges significantly in activities geared towards enhancement of the quality of life of Nigerians through donation of healthcare products, health enlightenment programmes and sometimes sponsorship of professional conferences within Nigeria.

Neimeth central focus is on FITGAH- (Fight the Good Fight Against Hypertension). Hypertension, like other non-communicable diseases, its prevalence is high and worsening in our nation every day. It is assuming an epidemic status leading to sudden death, stroke and kidney damage. Neimeth collaborates with organizations on FITGAH to reduce the deaths occasioned by hypertension in the society.

The overall objective apart from awareness is to ensure that subjects continue to access their medication conveniently. Neimeth offers one month FREE anti-hypertensives for all isolated cases subject to a partner signing in for 6 months provision of products.

During the year under review, the company embarked on extensive CSR projects covering the Armed Forces, Police and other Paramilitary agencies in the country.

The Beneficiaries include: Nigerian Army, Nigerian Immigration Service, Nigerian Prisons Service, Nigerian Customs Service, Nigerian Navy, Nigerian Police Force, Lagos State Traffic Management Authority, Nigeria Security & Civil Defense Corps and Federal Road Safety Corps.

Mass Deworming Programmes were also conducted in collaboration with some NGOs, Communities: namely, Dako Foundation, Above & Beyond Home Healthcare Services Ltd, Save Our Future Initiative, Golderest Family Centre, Aguda/ Coker Local Government, Arochukwu Community Abia State, Amawbia Community and Ekwulobia Community in Anambia State.

At the Federal Ministry of Health, we participated and donated products to support the Hon. Minister's Rapid Response Initiative on Health related matters across the six geopolitical zones in Nigeria.

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 1,620 subjects were examined and placed on Neimeth's anti-hypertensive products.

During the year under review, no cash donation was made.

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
Santus Pharmacy, Lagos
Spine Products Ltd, Lagos
New Height Pharm, Lagos
Befine Products Ltd, Lagos
Canez Pharmacy, Onitsha
Eco Blessed Pharm Ltd Onitsha
Prodave Pharmacy Ltd, Onitsha
Fiolu Pharm, Ilorin
Royal Michael Pharm, Benin
Influential Emmanuel Ltd, Aba

Preacious Pharm, Abeokuta
Ramsgate Pharm. Ota
Kamel Pharmacy, Calabar
Goodall Pharmacy Ltd, Ibadan
U. J Madonna, Osogbo
Zagbayi pharm Ltd, Minna
Tony Pharmacy, Kano
Skylark Pharmacy, Abuja
Gabytto Pharm Ltd, Yola
Samtad Nig Ltd, Ikire, Osun

SUPPLIERS

The company's significant suppliers are:

Shongai Technologies Limited
Sagar Overseas Limited
Drug & Healthcare Limited
Long Range Europe Limited
Real Value Trust Limited
Afkar Printing and Publishing Company Limited
EurochemcoVentures Linmited
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

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

MANUFACTURING 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 N2,468,973.00 (2015 – N1,654,389.00)

RESEARCH AND DEVELOPMENT

The company, in its determination to maintain its status as one of the leading Healthcare Companies, continues to encourage Research and Development of existing and new products aimed at consistently improving the company's position.

During the year, the company incurred N12,060,604.00 on various research project.

EMPLOYEE INVOLVEMENT AND TRAINING

The future of the Company depends on its people working together harmoniously to provide quality products and services to our customers, shareholders and the community in which we operate and the nation at all times, by improving our processes using best practices.



To sustain this, the employees were treated equitably, fairly and with dignity as individuals in a consistent manner.

Employees were encouraged to participate in full and open communication, give constructive suggestions for the improvement of methods; efficiency and working conditions. We have continued to sustain the Quarterly Staff Forum where opportunity is given to staff to express their inputs to optimize our efficiency.

The Company believes strongly in Human Capital Development as this is asserted to be the most important element of success in business today.

The Company shall continue to train its members of staff in order to correct a weakness, increase proficiency or prepare employees for current or future jobs. For all new employees joining Neimeth, there will be Induction Training to ensure they are properly introduced into the company and the job they are expected to do. To further strengthen this, formal meetings were held weekly at operational levels. Scheduled operational meetings are ongoing to achieve corporate objective.

HEALTH, SAFETY AND WELFARE OF EMPLOYEE

The Company believes absolutely that the well-being of employees on the job should be consistently reviewed and sustained through various occupational health and safety activities. To achieve this goal, our Company has continued to create and cultivate healthy environment in which our employees can rapidly learn from each other, agree on shared understanding and limitations, explore new ideas, competitive skills, behaviors, attitudes and apply them. Under the Company's medical scheme, employees are encouraged to undergo annual medical examination as a preventive care and thereby make the employee a good and happy worker. In the case of ill health, treatment is provided free to employees and their immediate family through Royal Exchange Healthcare as the Company's official HMO under the National Health Insurance Scheme.

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, 2016 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. ONYENEKEWE (FRC/ICAN/00000010082)

Company Secretary

Lagos, Nigeria

4th January, 2017



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, 2016. 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

Other members of the Audit Committee

Alhaji A. O. Ajagun
Prince A. Adebajo (Late)
Mr. A. O. Balogun
Sir I. K. Onyechi
Sir G. E. Omene

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

**BREAKTHROUGH
AT LAST!!!**

Ciklavir*

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



REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

We have audited the accompanying financial statements of **Neimeth International Pharmaceuticals Plc** which comprise the statement of financial position at 30 September 2016, 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 comprising summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

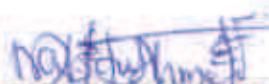
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Neimeth International Pharmaceuticals Plc** at 30 September 2016, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards, in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004.

The company has kept proper books of account, which are in agreement with the statement of financial position and statement of profit or loss and other comprehensive income as it appears from our examination of their records.



Najeed A. Abdus-salaam, FCA,
FRG/2013/ICAN/0000000753
For: **PKF Professional Services**
Chartered accountants
Lagos, Nigeria.

Date: 5 December 2016



Tel: +234(01) 7734940 / 7748366

Web: www.pkf-ng.com

Email: lagos@pkf-ng.com | info@pkf-ng.com

PKF House | 205A Ikorodu Road Obanikoro | Lagos | G.P.O. Box 2047 | Marina | Lagos, Nigeria

Partners: I. Yusuf, G. C. Osh, O. P. S. Adeji, T. A. Akande, S. I. Gohimara, N. A. Abdus-salaam, O. O. Ogundeyin, B. O. Adeniyi.

Offices in: Abuja, Benin, Jos, Kaduna, Kano

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

Statement of Financial Position at 30 September 2016

	Notes	2016 N'000	2015 N'000
Assets			
Non-current assets			
Property, plant and equipment	8.	503,172	471,396
Current assets		503,172	471,396
Inventories	11.	725,954	769,493
Trade and other receivables	12.	809,978	830,025
Other assets	13.	82,777	52,012
Cash and cash equivalents	14.1	566,849	77,317
		2,185,558	1,728,847
Total assets		2,688,730	2,200,243
Current liabilities			
Trade and other payables	16.	182,138	266,554
Current borrowing	17.	121,611	35,169
Current portion of long term borrowings	15.1.1	678,211	349,152
Current tax payable	20.	67,693	69,559
Finance lease liabilities	23.	9,755	22,133
Define contribution plan	18.	83,420	89,244
		1,142,828	831,811
Non-current liabilities			
Non-current portion of long term borrowings	15.1.2	258,499	177,761
Finance lease liabilities	23.	10,136	-
Deferred tax liability	21.	54,849	33,346
		323,484	211,107
Total liabilities		1,466,312	1,042,918
Net assets		1,222,418	1,157,325
Equity			
Share capital	24.2	784,776	784,776
Share premium		1,197,933	1,197,933
Accumulated loss	25.	(760,291)	(825,384)
Total equity		1,222,418	1,157,325

These financial statements were approved by the Board of Directors on 5 December 2016 and signed on its behalf by:



Ebere Igboko-Ekpunobi Ph.D
Managing Director/CEO



Mr. C. U. Mmeje
Finance Director

FRC/2014/CIBN/00000006114



Sir. G. E. Omene
Director

FRC/2013/NSE/00000004747

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

Statement of profit or Loss and other Comprehensive Income for the Year Ended 30 September 2016

	Note	2016 N'000	2015 N'000
Turnover	26.	2,001,815	1,460,728
Cost of sales	27.	<u>(776,758)</u>	<u>(776,062)</u>
Gross profit		1,225,057	684,666
Other income	31.	6,158	32,308
Marketing and distribution expenses	28.	(322,289)	(298,699)
Administrative expenses	29.	(527,407)	(600,614)
Net exchange loss	30.	<u>(196,564)</u>	<u>(16,782)</u>
Operating profit/(loss)		184,956	(199,121)
Diminution of investment	10	-	(24,515)
Finance costs	32.	(89,595)	<u>(92,136)</u>
Profit/(loss) before taxation		95,361	(315,772)
Income tax expense	22.	(30,268)	<u>(19,912)</u>
Profit/(loss) for the year from continued operation		<u>65,093</u>	<u>(335,684)</u>
Other comprehensive income			
Gain on available for sale assets		-	-
Total other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss)		<u>65,093</u>	<u>(335,684)</u>
Basic earnings/(loss) per share (kobo)	36.	<u>4</u>	<u>(21)</u>

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



Statement of Change in Equity for the Year Ended 30 September 2016

	Issued share capital N'000	Share premium N'000	Bonus issue reserve N'000	Fair value reserve N'000	Accumula ted loss N'000	Total equity N'000
At 30 September 2014	<u>784,776</u>	<u>1,197,933</u>	<u>-</u>	<u>-</u>	<u>(489,700)</u>	<u>1,493,009</u>
Changes in equity for 2015						
Loss for the year	-	-	-	-	(335,684)	(335,684)
Transfer to income statement	-	-	-	-	-	-
Other comprehensive income						
Fair value changes on available for sale assets	-	-	-	-	-	-
Exchange gain or loss on foreign operations	-	-	-	-	-	-
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(335,684)</u>	<u>(335,684)</u>
Issue of share capital	-	-	-	-	-	-
Transfer between share capital/ premium	-	-	-	-	-	-
Transaction costs for equity issue	-	-	-	-	-	-
Deposit for future subscription of stocks	-	-	-	-	-	-
At 30 September 2015	<u>784,776</u>	<u>1,197,933</u>	<u>-</u>	<u>-</u>	<u>(825,384)</u>	<u>1,157,325</u>
	Issued share capital N'000	Share premium N'000	Bonus issue reserve N'000	Fair value reserve N'000	Accumula ted loss N'000	Total equity N'000
At 30 September 2015	<u>784,776</u>	<u>1,197,933</u>	<u>-</u>	<u>-</u>	<u>(825,384)</u>	<u>1,157,325</u>
Changes in equity for 2016						
Profit for the year	-	-	-	-	65,093	65,093
Transfer to income statement	-	-	-	-	-	-
Other comprehensive income						
Fair value changes on available for sale assets	-	-	-	-	-	-
Exchange gain or loss on foreign operations	-	-	-	-	-	-
Total comprehensive profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,093</u>	<u>65,093</u>
Issue of share capital	-	-	-	-	-	-
Transfer between share capital/ premium	-	-	-	-	-	-
Transaction costs for equity issue	-	-	-	-	-	-
Deposit for future subscription of stocks	-	-	-	-	-	-
At 30 September 2016	<u>784,776</u>	<u>1,197,933</u>	<u>-</u>	<u>-</u>	<u>(760,291)</u>	<u>1,222,418</u>



Statement of Cash Flow for the Year Ended 30 September 2016

	Notes	2016 N'000	2015 N'000
Cash flows from operating activities			
Cash flow (used in)/generated from operations	35.	(13,245)	1,000,671
Cash receipts from customers		2,448,067	1,565,319
Cash payments to suppliers and employees		(1,822,655)	(2,198,766)
Payment for employee benefit obligations	18.	(51,493)	(98,840)
Current income tax paid	20.	(10,631)	(24,436)
Net cash (used in)/generated from operating activities		550,043	243,948
Cash flows from investing activities			
Purchase of property plant and equipment	8.	(72,069)	(7,194)
Additions to assets under finance lease	9.	(32,500)	
Acquisition of capital work in progress	8.	(15,510)	(29,465)
Proceed on disposal of property, plant and equipment		1,304	1,342
Net cash used in investing activities		(118,775)	(35,317)
Cash flows from financing activities			
Interest paid	32.	(89,595)	(92,136)
Repayments of finance lease obligations	23.	(27,515)	(86,204)
Proceeds from finance lease obligations	23.	25,273	-
Repayments of term loans	15.1	(81,366)	(51,658)
Proceeds of term loans received	15.1	255,403	110,624
Proceeds from deposit for shares	15.4	-	30,000
Net cash used in financing activities		82,200	(89,374)
Increase in cash and cash equivalents		513,468	119,257
Cash and cash equivalent at the beginning of the year		53,381	(65,876)
Cash and cash equivalent at the end of the year	14.1	566,849	53,381

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



1. The Company

1.1 Legal form

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

1.2 Principal activities

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared for the year ended 30 September 2016 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011. Additional information required by local regulators has been included where appropriate.

2.2 Basis of measurement

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

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

2.3 Going concern assessment

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

2.4 Functional and presentation currency

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

2.5 Summary of new and amended standards issued and effective during the year

During the year, there were certain amendments and revisions to some of the standards. The nature and the impact of each new standard and amendments are described below. The Company intends to adopt these standards, if applicable, when they become effective.



Amendments effective from annual periods beginning on or after 1 January 2016

2.5.1 Amendments to "IFRS 5 Non-current Assets Held for Sale and Discontinued Operations"

Effective for annual periods beginning on or after 1 January 2016

The amendment clarifies cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

2.5.2 Amendments to "IFRS 7 Financial Instruments: Disclosures"

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of previous amendments to IFRS 7 issued in December 2011 with regards to offsetting financial assets and financial liabilities in relation to interim financial statements prepared under IAS 34.

2.5.3 Amended by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28):

Narrow scope amendment addresses an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. It was also recommended to amend IFRS 10 so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 to an associate or joint venture is recognised only to the extent of unrelated investors' interests in the associate or joint venture. (Previous effective for annual periods beginning on or after 1 January 2016, now deferred indefinitely).

2.5.4 Amendments to IFRS 11 "Joint Arrangements" Accounting for Acquisitions of Interests in Joint Operations

Effective for annual periods beginning on or after 1 January 2016

Amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.

2.5.5 Amendments to "IAS 1 Presentation of Financial Statements"

Effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

The amendments clarify that: information should not be obscured by aggregating or by providing immaterial information. It also explains that materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. The amendments also introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of OCI of equity - accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

2.5.6 Amendments to "IAS 16 Property, Plant and Equipment"

Effective for annual periods beginning on or after 1 January 2016

The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

Further amendments issued on 30 June 2014 brings bearer plants from the scope of IAS 41 into the scope of IAS 16 and therefore enabling entities to measure them at cost subsequent to initial recognition or at revaluation.

2.6 New standards, amendments and interpretations issued but not yet effective

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



2.6.1 IFRS 9 'Financial Instruments'

Effective on or after January 2018

A finalised version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:

- a) IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.
- b) The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.
- c) IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

2.6.2 IFRS 15 'Revenue from Contracts from Customers'

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

- New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.
- The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple element arrangements.
- The new standard supersedes:
 - a) IAS 11 Construction Contracts;
 - b) IAS 18 Revenue;
 - c) IFRIC 13 Customer Loyalty Programmes;
 - d) IFRIC 15 Agreements for the Construction of Real Estate;
 - e) IFRIC 18 Transfers of Assets from Customers; and
 - f) SIC-31 Revenue—Barter Transactions Involving Advertising Services.

2.6.3 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.

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.

3.1.1 Intangible assets

Intangible assets acquired separately

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

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

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

3.1.2 Intangible assets generated internally

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

The Company has the intention of completing the asset for either use or resale.

The Company has the ability to either use or sell the asset.

It is possible to estimate how the asset will generate income.

The Company has adequate financial, technical and other resources to develop and use the asset.

The expenditure incurred to develop the asset is measurable.

It is technically feasible to complete the asset for use by the Company.

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

3.2 Property, plant and equipment

3.2.1 Initial recognition

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





3.2.2 Subsequent costs

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

3.2.3 Depreciation of property, plant and equipment

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

	%
Land	Nil
Buildings	3
Office equipment and furniture	10
Machinery and equipment	10
Motor vehicles	20
Computer equipment	33 $\frac{1}{3}$

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.



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 group 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'.

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.

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.

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 recognized 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.

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.

3.11.2 Defined benefit plan

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

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

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

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

3.11.3 Termination benefit

Termination benefit are recognized as an expense when the company is demonstrably committed without realistic possible withdrawal, to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies is recognized as expenses if the company has made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.



3.11.4 Short term employee benefits

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

3.12 Taxation

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

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

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

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

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

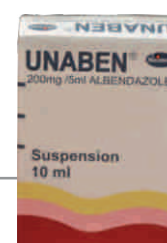
The tax effects of carry -forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

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

3.13 Provisions

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

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



3.14 Equity instruments

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

3.15 Revenue recognition

3.15.1 Sale of goods

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

3.16 Foreign currencies

Foreign currency transactions

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

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

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

3.17 Segment reporting

An operating segment is a component of an entity:

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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



4. Critical accounting estimates and judgement

The company makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement 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 judgement. In making this judgment, the company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

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

To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

c Impairment of property, plant and equipment and intangible assets

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

d Others are:

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



5. Risk management framework

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

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

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

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

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

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

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

5.1 Strategic risks

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

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

5.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors such as provider tariffs, medical costs, premium review for adequacy, prompt premium payments and collections. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.



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

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

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

5.3 Financial risks

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

- Credit risks
- Liquidity risks
- Market risks

a Credit risks

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

Exposure to risk

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

	2016 N'000	2015 N'000
Financial assets		
Trade and other receivables	809,978	830,025
Cash and cash equivalents	<u>566,849</u>	<u>77,317</u>

An analysis of trade receivables

			Past due but not impaired				
	Carrying amount N'000	Note	Neither impaired nor past due N'000	4 - 6 months N'000	7 - 9 months N'000	10 - 12 months N'000	Above 12 months N'000
2016	1,086,815	12.	467,202	10,119	39,131	282,986	287,377
2015	1,533,064	12.	680,223	13,457	59,131	53,375	726,878

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.

Trade receivables that are not impaired are made up of 43% of debtors' balances (2015 : 44%). The average age of these debtors is 365 days (2015 : 548 days). No debtors' balances have been renegotiated during the year or in the prior year.

b Liquidity risks

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

The Company employs policies and procedures to mitigate its exposure to liquidity risk. The Company complies with minimum regulatory requirements.

An analysis of trade payable

	Carrying amount N'000	Note	Past due but not impaired				
			Neither impaired nor past due N'000	4 - 6 months N'000	7 - 9 months N'000	10 - 12 months N'000	Above 12 months N'000
2016	12,366	16.	53	3,164	2,883	4,315	1,951
2015	50,120	16.	15,784	3,164	15,467	4,315	11,390

c Market risks

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

d Currency risk

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

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

6. Capital management

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

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



Approach to capital management

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

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

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

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

The debt-to-capital ratios at 30 September 2016 and its comparative year were as follows:

	2016 N'000	2015 N'000
Total liabilities	1,466,312	1,042,918
Less: cash and cash equivalents	566,849	77,317
Net debt	899,463	965,601
Total equity	1,222,418	1,157,325
Debt-to-capital ratio	0.74	0.83

The decrease in the debt-to-capital ratio during 2016 resulted primarily from the decrease in net debt that occurred as at the end of the year.

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

There has been no significant changes to its capital structure from previous years.

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.



Notes to the Financial Statements for the Year Ended 30 September 2016

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

Note	Financial assets				Financial liabilities		Total carrying amount	Fair value
	Fair value through profit or loss	Loans and receivables	Available for sale	Held to maturity	Amortised cost	Fair value through profit or loss		
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 30 September 2016								
Assets								
Trade and other receivables	12.	-	809,978	-	-	-	809,978	1,097,355
Cash and cash equivalents	14.1	566,849	-	-	-	-	566,849	566,849
		<u>566,849</u>	<u>809,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,376,827</u>	<u>1,664,204</u>
Liabilities								
Trade and other payables	16.	-	-	-	-	182,138	182,138	182,138
Borrowings (Current portion)	15.1.1	-	-	-	678,211	-	678,211	678,211
Finance lease payable	23.	-	-	-	9,755	-	9,755	9,755
		<u>-</u>	<u>-</u>	<u>-</u>	<u>687,966</u>	<u>182,138</u>	<u>870,104</u>	<u>870,104</u>
At 30 September 2015								
Assets								
Trade and other receivables	12.	-	830,025	-	-	-	830,025	1,538,103
Cash and cash equivalents	14	77,317	-	-	-	-	77,317	77,317
		<u>77,317</u>	<u>830,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>907,342</u>	<u>1,615,420</u>
Liabilities								
Trade and other payables	16.	-	-	-	-	283,636	283,636	283,636
Borrowings (Current portion)	15.1.1	-	-	-	343,304	-	343,304	343,304
Finance lease payable	23.	-	-	-	22,133	-	22,133	22,133
		<u>-</u>	<u>-</u>	<u>-</u>	<u>365,437</u>	<u>283,636</u>	<u>649,073</u>	<u>649,073</u>

7.2 Fair valuation methods and assumptions

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

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

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

7.3 Fair value measurements recognised at the reporting date

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

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

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

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



Notes to the Financial Statements for the Year Ended 30 September 2016

8. Property, plant and equipment

	Land N'000	Building N'000	Machinery and equipment N'000	Furniture and fittings N'000	Motor vehicles N'000	Computer equipment N'000	Capital work in progress N'000	Assets under finance lease N'000	Total N'000
2016									
Cost									
At 1 October	27,752	62,051	441,029	61,386	327,874	44,028	-	196,694	1,160,814
Addition in the year	32,030	3,890	23,055	3,454	500	9,140	15,510	32,500	120,079
Reclassification from leasehold	-	-	134,696	-	61,997	-	-	(196,693)	-
Disposal	-	-	-	-	(32,332)	-	-	-	(32,332)
At 30 September	<u>59,782</u>	<u>65,941</u>	<u>598,780</u>	<u>64,840</u>	<u>358,039</u>	<u>53,168</u>	<u>15,510</u>	<u>32,501</u>	<u>1,248,561</u>
Accumulated Depreciation									
At 1 October	-	4,242	254,570	46,922	299,446	43,769	-	40,469	689,418
Charge for the year	-	1,919	36,403	2,828	14,647	2,104	-	30,401	88,302
Reclassification from Leasehold	-	-	28,144	-	38,277	-	-	(66,421)	-
Disposal	-	-	-	-	(32,332)	-	-	-	(32,332)
At 30 September	<u>-</u>	<u>6,161</u>	<u>319,117</u>	<u>49,750</u>	<u>320,037</u>	<u>45,873</u>	<u>-</u>	<u>4,449</u>	<u>745,389</u>
Carrying amount:									
At 30 September 2016	<u>59,782</u>	<u>59,780</u>	<u>279,663</u>	<u>15,090</u>	<u>38,002</u>	<u>7,295</u>	<u>15,510</u>	<u>28,052</u>	<u>503,172</u>
At 30 September 2015	<u>27,752</u>	<u>57,809</u>	<u>186,459</u>	<u>14,464</u>	<u>28,428</u>	<u>259</u>	<u>-</u>	<u>156,225</u>	<u>471,396</u>
2015									
Cost									
At 1 October	27,752	49,203	419,074	60,311	337,670	42,372	15,258	196,694	1,148,334
Addition in the year	-	2,400	-	115	3,180	1,499	29,465	-	36,659
Transferred from capital work in progress	-	10,448	21,955	1,007	1,122	157	(34,689)	-	-
Written off	-	-	-	-	-	-	(10,034)	-	(10,034)
Disposal	-	-	-	(47)	(14,098)	-	-	-	(14,145)
At 30 September	<u>27,752</u>	<u>62,051</u>	<u>441,029</u>	<u>61,386</u>	<u>327,874</u>	<u>44,028</u>	<u>-</u>	<u>196,694</u>	<u>1,160,814</u>
Accumulated Depreciation									
At 1 October	-	2,529	218,320	44,092	284,693	42,124	-	14,600	606,358
Charge for the year	-	1,713	36,250	2,877	28,268	1,645	-	25,869	96,622
Disposal	-	-	-	(47)	(13,515)	-	-	-	(13,562)
At 30 September	<u>-</u>	<u>4,242</u>	<u>254,570</u>	<u>46,922</u>	<u>299,446</u>	<u>43,769</u>	<u>-</u>	<u>40,469</u>	<u>689,418</u>
Carrying amount:									
At 30 September 2015	<u>27,752</u>	<u>57,809</u>	<u>186,459</u>	<u>14,464</u>	<u>28,428</u>	<u>259</u>	<u>-</u>	<u>156,225</u>	<u>471,396</u>
At 30 September 2014	<u>27,752</u>	<u>46,674</u>	<u>200,754</u>	<u>16,219</u>	<u>52,977</u>	<u>248</u>	<u>15,258</u>	<u>182,094</u>	<u>541,976</u>

Impairment loss

There was no impairment loss recognised in the year.

Property, plant and equipment includes amounts disclosed in note 9, where the company is a lessee under a finance lease agreement.

The company's assets has been pledged as security for loans obtained from two financial institutions.

Capital work in progress comprises of advance payment for Astell Autoclave, Tank stirrer, sealing machine etc.

No assets was written off in the current year.

9. Assets under finance lease

	Plant and Machinery N'000	Motor vehicles N'000	Total N'000
2016			
Cost			
At 1 October	134,696	61,998	196,694
Addition in the year	-	32,500	32,500
Reclassification	(134,696)	(61,998)	(196,694)
At 30 September	<u>-</u>	<u>32,500</u>	<u>32,500</u>
Depreciation			
At 1 October	14,674	25,795	40,469
Charge for the year	13,470	16,932	30,402
Reclassification	(28,144)	(38,277)	(66,421)
At 30 September	<u>-</u>	<u>4,450</u>	<u>4,450</u>
Carrying amount			
At 30 September 2016	<u>-</u>	<u>28,050</u>	<u>28,050</u>



Notes to the Financial Statements for the Year Ended 30 September 2016

	Plant and Machinery N'000	Motor vehicles N'000	Total N'000
9. Assets under finance lease (Cont'd)			
2015			
Cost			
At 1 October	134,696	61,998	196,694
Addition in the year	-	-	-
At 30 September	<u>134,696</u>	<u>61,998</u>	<u>196,694</u>
Depreciation			
At 1 October	1,122	13,478	14,600
Charge for the year	<u>13,552</u>	<u>12,317</u>	<u>25,869</u>
At 30 September	<u>14,674</u>	<u>25,795</u>	<u>40,469</u>
Carrying amount			
At 30 September 2015	<u>120,022</u>	<u>36,203</u>	<u>156,225</u>
		2015 N'000	2015 N'000
10. Deposit for shares			
At 1 October		-	24,515
Impairment		-	(24,515)
At 30 September		<u>-</u>	<u>-</u>
<p>The above figure is the deposit for investment at Worldwide Healthcare Limited ("the company"). The company's operation has been negatively affected by the economic situation in the country. As at 30 September 2015, Neimeth assessed the possibility of recovering the deposit and recognised an impairment pending the revival of the company.</p>			
		2016 N'000	2015 N'000
11. Inventories			
Raw materials		457,310	476,490
Work-in-progress		4,844	44,320
Finished goods		205,024	222,920
Spare parts		17,982	15,790
Goods in transit		40,794	9,973
		<u>725,954</u>	<u>769,493</u>
<p>Inventory to the value of N726 million were carried at net realisable value. The amount charged to statements of profit or loss and other comprehensive income in respect of inventory to net realisable value is N42.7 million. There are no inventory pledge as securities for liabilities.</p>			
12. Trade and other receivables			
Trade receivables		1,086,815	1,533,064
Staff loans		10,540	5,039
Other receivable		5,055	5,055
Due from related parties		13,745	13,745
		<u>1,116,155</u>	<u>1,556,903</u>
Impairments (Note 12.1)		<u>(306,177)</u>	<u>(726,878)</u>
		<u>809,978</u>	<u>830,025</u>

Notes to the Financial Statements for the Year Ended 30 September 2016

	2016 N'000	2015 N'000
12.1 Impairments		
At 1 October	726,878	437,341
Write off in the year	(580,475)	-
Additional charge during the year	<u>159,774</u>	<u>289,537</u>
At 30 September	<u>306,177</u>	<u>726,878</u>
Trade receivables are stated at their original invoice value, as the interest that would be recognised from discounting future cash receipts over the short credit period are not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts		
13. Other assets		
Prepayments	15,078	7,298
Withholding tax recoverable	38,672	37,699
Advances to suppliers	<u>29,027</u>	<u>7,015</u>
	<u>82,777</u>	<u>52,012</u>
14. Cash and cash equivalents		
14.1 Cash and cash equivalents as per statement of financial position		
Cash in hand	91	8
Cash in banks	274,309	77,309
Fixed deposit	<u>292,449</u>	<u>-</u>
	<u>566,849</u>	<u>77,317</u>
14.2 Cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents		
Cash and bank balances (Note 14.1)	566,849	77,317
Bank overdrafts	<u>-</u>	<u>(23,936)</u>
	<u>566,849</u>	<u>53,381</u>
15. Borrowings		
Term loans (Note 15.1)	<u>936,710</u>	<u>526,913</u>
15.1 Movement in term loans		
At 1 October	353,645	263,780
Additions in the year	255,403	110,625
Repayment during the year	(81,366)	(51,658)
Exchange loss/(gain)	<u>241,070</u>	<u>30,898</u>
	768,752	353,645
Other loan (Note 15.4)	<u>167,958</u>	<u>173,269</u>
At 30 September	<u>936,710</u>	<u>526,914</u>
15.1.1 Analysed into:		
Current		
Diamond	81,436	-
GT term loan	10,342	20,683
REAN	7,738	6,645
DAEWOO	578,157	315,975
Other loan	<u>538</u>	<u>5,849</u>
	<u>678,211</u>	<u>349,152</u>
	2016 N'000	2015 N'000
15.1.2 Non-current:		
Diamond	91,079	-
GT term loan	-	10,341
Other loan	<u>167,420</u>	<u>167,420</u>
	<u>258,499</u>	<u>177,761</u>
	<u>936,710</u>	<u>526,913</u>

15.2 Term loans

2016

Daewoo Securities (Europe) Limited (Note 15.3.1)
REAN Finance Company Limited
Guaranty Trust Bank Plc (Note 15.3.2)
Diamond Bank (Note 15.3.3)

Other loan (Note 15.4)

2016 N'000	2015 N'000
578,158	315,975
7,738	6,645
10,341	31,024
172,515	-
768,752	353,644
167,958	173,269
936,710	526,913

15.3 Term loans relate to:

15.3.1 Daewoo Securities

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

In November 24, 2015, the company held meeting with Daewoo's representative and agreed a full and final settlement amount of JPY 192,276,736 (comprising principal JPY 140million, interest JPY 52 million up-to December 2014). Based on this, the company had escrowed in their local bank total naira N364,875,247.97 which was the equivalent in foreign currency at that time. The JPY 192.3million has been translated at Central Bank of Nigeria (CBN) exchange rate as at 30 September, 2016.

15.3.2 Guaranty Trust Bank Plc

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

15.3.3 Diamond Bank

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

15.4 Other loan

At 1 October
Addition during the year
Payment during the year
At 30 September

2016 N'000	2015 N'000
173,269	143,269
538	55,000
(5,849)	(25,000)
167,958	173,269

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



	2016 N'000	2015 N'000
16. Trade and other payables		
Trade payables	12,366	50,120
Other accruals	41,283	21,232
Statutory deductions (WHT Payable)	41,442	50,975
Royalties	53,596	53,294
Dividend payable	14,675	14,676
Other payables	13,705	34,108
Accounts payable (16.1)	5,071	42,149
	182,138	266,554

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

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

17. Current borrowing

Bank overdraft	-	23,936
Import finance facilities (Note 17.1)	121,611	11,233
	121,611	35,169

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

18. Define contribution plan

At 1 October	89,244	108,399
Provision for the year	45,669	52,202
Payment during the year	(51,493)	(71,357)
At 30 September	83,420	89,244

19. Maturity profile of financial liabilities

	Due within			
	Below one year	one - five years	five years and above	Total
	N'000	N'000	N'000	N'000
2016				
Current borrowing	121,611	-	-	121,611
Trade and other payables	182,138	-	-	182,138
Finance lease obligation	9,755	10,136	-	19,891
Term loans	678,211	258,499	-	936,710
	991,715	268,635	-	1,260,350
2015				
Current borrowing	35,169	-	-	35,169
Trade and other payables	266,554	-	-	266,554
Finance lease obligation	22,133	-	-	22,133
Term loans	349,152	177,761	-	526,913
	673,008	177,761	-	850,769

Notes to the Financial Statements for the Year Ended 30 September 2016

20. Movement in current tax liability

	2016 N'000	2015 N'000
At 1 October	69,559	84,980
Payment in the year	(10,631)	(24,436)
Charge for the year (Note 22)	8,765	9,015
At 30 September	<u>67,693</u>	<u>69,559</u>

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

21. Deferred tax liability

At 1 October	33,346	22,449
Charge for the year	21,503	10,897
At 30 September	<u>54,849</u>	<u>33,346</u>

21.1 Deferred tax assets and liabilities

Reconciliation of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Property, plant and equipment	-	-	95,058	44,056	95,058	66,040
Exchange loss/gain	-	-	(58,969)	9,269	(58,969)	9,269
Provisions	26,815	86,671	-	-	(47,932)	(86,861)
	<u>26,815</u>	<u>86,671</u>	<u>36,089</u>	<u>53,325</u>	<u>(11,843)</u>	<u>(11,552)</u>
Tax liability carried forward	-	-	-	-	-	-
Tax liability brought forwards	-	-	-	-	33,346	22,449
Deferred tax (asset)/liability	<u>26,815</u>	<u>86,671</u>	<u>36,089</u>	<u>53,325</u>	<u>21,503</u>	<u>10,897</u>

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

22. Current tax

Minimum tax	8,765	7,711
Education tax	-	1,304
	<u>8,765</u>	<u>9,015</u>
Deferred taxation (Note 21)	21,503	10,897
As per statement of profit or loss and other comprehensive income	<u>30,268</u>	<u>19,912</u>

The minimum tax charged is based on the assessable loss for the year ended 30 September 2016 which is in line with section 28A (3b) of Companies Income Tax Act, CAP C21, LFN 2004 as amended.

22.1 Reconciliation of effective tax rate

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

Profit/(loss) before tax	95,361	(315,772)
Tax thereon @ 30%	<u>28,608</u>	<u>-</u>
Deductible items	-	-
Balancing charge	-	-
Capital allowance	-	-
Education tax	-	1,304
Minimum tax	8,765	7,711
Deferred tax effect	21,503	10,897
Tax expense for the year	<u>30,268</u>	<u>19,912</u>
Profit/(loss) after tax	65,093	(335,684)

	2016 %	2015 %
22.2 The tax rate is reconciled to the effective tax rate as follows:		
Tax rate	30	30
Deductible items	-	-
Balancing charge	-	-
Capital allowance	-	-
Education tax	-	(1)
Minimum tax	0	-
Deferred tax effect	1	(3)
Total effective tax rate	<u>31</u>	<u>26</u>
	N'000	N'000
23. Finance lease obligation		
At 1 October	22,133	108,337
Additions in the year	25,273	-
Repayment in the year	(27,515)	(86,204)
At 30 September	<u>19,891</u>	<u>22,133</u>
Analysed into:		
Current portion	9,755	22,133
Non Current portion	10,136	-
	<u>19,891</u>	<u>22,133</u>
24. Share capital		
24.1 Authorised:		
2,000,000,000 ordinary shares of 50k each	<u>1,000,000</u>	<u>1,000,000</u>
24.2 Issued and fully paid:		
At 30 September	<u>784,776</u>	<u>784,776</u>
25. Accumulated loss		
At 1 October	(825,384)	(489,700)
Profit/(loss) for the year	65,093	(335,684)
At 30 September	<u>(760,291)</u>	<u>(825,384)</u>
26. Segment information		
26.1 Operating segments		
The Company has two reportable business segments, summarised as follows:		
Pharmaceuticals product group:		
This include the marketing and sales of the Company's branded products and the products under the consumer product group.		
Animal health product group:		
This include the marketing and sales of poultry and large animal range of anthelmintics as well as production enhancing medicaments.		
Pharmaceuticals	1,976,379	1,408,047
Animal health	25,436	52,681
	<u>2,001,815</u>	<u>1,460,728</u>

26.2 Geographical segment

The Company operates into two geographic regions namely Nigeria and Ghana.

	2016 N'000	2015 N'000
Nigeria	1,984,427	1,459,314
Ghana	17,388	1,414
	<u>2,001,815</u>	<u>1,460,728</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.

27. Cost of sales

Inventory at 1 October	476,490	456,679
Purchases	592,920	461,506
Inventory at 30 September	<u>(457,310)</u>	<u>(476,490)</u>
Materials consumed	<u>612,100</u>	<u>441,695</u>
Factory overhead expenses		
Production salaries and wages	112,329	126,756
Power and fuel	40,599	42,041
Inventory cost variances	(191,869)	(164,301)
Factory other expenses	51,611	43,501
Depreciation: - Plant and machinery	49,953	45,089
- Building	1,919	1,713
Inventory write off	29,495	63,518
Physical inventory adjustment	13,249	112,939
Decrease/increase in work-in-progress	39,476	(13,755)
Decrease in finished goods	17,896	42,261
Others	-	34,605
	<u>164,658</u>	<u>334,367</u>
	<u>776,758</u>	<u>776,062</u>

28. Marketing and distribution expenses

Employee cost	108,561	121,558
Transport and travelling	71,009	70,020
Advert and promotions	95,748	49,357
Depreciation of motor vehicle	31,496	40,585
Communication and Subscription	440	834
Gift and donation	402	495
Printing and stationeries	433	859
Rent and rate	513	641
Product registration expenses	580	1,332
Training and seminar	105	416
Medical expenses	46	190
Energy cost	4,255	3,340
Repairs and maintenance	1,691	4,080
Telephone and postages	900	1,100
Corporate expenses	3,762	3,577
Others	2,348	315
	<u>322,289</u>	<u>298,699</u>

	2016 N'000	2015 N'000
29. Administration expenses		
Employee costs	134,512	136,535
Impairment allowance for trade and other receivables	159,774	289,537
Bad debt written off	47,280	15,348
Corporate expenses	14,187	4,360
Transport and travelling	29,303	15,389
Legal, consultancy and professional fees	21,159	16,978
Energy cost	7,978	10,912
Rent and rate	583	2,879
Bank charges and commission	20,549	19,339
Insurance	13,493	15,773
Repairs and maintenance	8,887	6,518
Printing and stationeries	1,204	2,302
Training and seminar	1,409	529
Conference and meetings	17,992	21,042
Medical expenses	10,750	13,504
Telephone and postages	2,658	2,945
Communication and Subscription	7,750	5,491
Gift and donation	282	136
Depreciation of office and computer equipment	4,932	4,522
Audit fee	7,700	7,700
Others	15,025	8,875
	527,407	600,614
30. Net foreign exchange loss		
Gain on currency translation	(44,506)	(14,116)
Loss on currency translation	241,070	30,898
	196,564	16,782
31. Other income		
Gains on disposal of property, plant and equipment	1,304	758
Provision no longer required	3,998	30,797
Other receipts	856	717
Commission Income	-	36
	6,158	32,308
32. Finance costs		
Interest on term loans	63,827	51,134
Interest on debenture	21,112	26,620
Interest on lease	4,656	14,382
	89,595	92,136



Notes to the Financial Statements for the Year Ended 30 September 2016

	2016 N'000	2015 N'000
33. Decrease/(increase) in operating assets		
Inventories	43,542	77,521
Trade and other receivables	(2,587,794)	(1,467,847)
Other assets	13,741	36,518
	<u>(2,530,511)</u>	<u>(1,353,808)</u>
34. Increase/(decrease) in operating liabilities		
Trade and other payables	1,731,490	2,048,507
Import finance facilities	110,378	11,233
	<u>1,841,868</u>	<u>2,059,740</u>
35. Cash flow (used in)/generated from operations		
Profit/(loss) after taxation	65,093	(335,684)
Adjustments to reconcile loss to net cash operating activities:		
Depreciation of property, plant and equipment (Note 8 & 9)	88,303	96,622
Finance costs (Note 32)	89,595	92,136
Impairment of trade and other receivables (Note 12.1)	159,774	289,537
Exchange loss on currency revaluation (Note 30)	196,564	16,782
Gain on disposal of property, plant and equipment	(1,304)	(758)
Write off of capital work in progress (Note 8)	-	10,034
Write back of provisions (Note 31)	3,998	30,797
Current income tax expenses	8,765	9,015
Interest on deposit for shares	22,181	18,850
Interest payment on deposit for shares	(24,742)	(20,206)
Decrease in deposit for shares (Note 10)	-	24,515
Deferred tax expenses	21,503	10,897
Decrease in employee benefits	45,669	52,202
Increase in operating assets (Note 33)	(2,530,511)	(1,353,808)
Increase in operating liabilities (Note 34)	1,841,868	2,059,740
Total adjustments	<u>(78,338)</u>	<u>1,336,355</u>
Cash flow (used in)/generated from operations	<u>(13,245)</u>	<u>1,000,671</u>
36. 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	65,093	(335,684)
Number of shares	1,569,551	1,569,551
Earnings/(loss) per share (kobo)	4	(21)
37. Information regarding directors and employees		
37.1 Directors' emoluments		
Remuneration paid to the company's Directors (excluding pension contribution) were:		
Fees:		
- Chairman	500	600
- Other Directors	3,200	4,000
- Sitting allowance (per sitting)	50	50
Emolument of executive directors	30,542	24,120
	<u>34,292</u>	<u>28,770</u>
37.2 Fees and other emoluments (excluding reimbursable expenses disclosed above include amount paid to:		
Chairman	500	600
Highest paid director	17,475	14,600

37.3 Scale of directors' remuneration

The number of Directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following range were:

N		N
Below	-	2,500,000
2,500,001	-	5,000,000
5,000,001	-	7,500,000
7,500,001	-	10,000,000
10,000,001	-	12,500,000
Above		12,500,001

2016	2015
Number	Number
-	-
-	-
-	-
-	-
1	1
1	1
<u>2</u>	<u>2</u>

The number of directors who received emoluments

2 2

The number of directors who did not received emoluments

9 9

37.4 Personnel compensation

Personnel compensation comprised:
Short-term employee benefits
Contribution to compulsory pension fund scheme

N'000	N'000
309,733	332,646
45,669	52,203
<u>355,402</u>	<u>384,849</u>

Analysis by function:

Production
Marketing and distribution
Administration

112,329	126,756
108,561	121,558
134,512	136,535
<u>355,402</u>	<u>384,849</u>

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

Management
Senior staff
Junior staff

Number	Number
38	45
95	119
55	67
<u>188</u>	<u>231</u>

37.6 Scale of employees' remuneration

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

27	16
58	98
43	44
35	46
7	2
8	11
10	14
<u>188</u>	<u>231</u>

Amount due to/(from) the company

2016 N'000	2015 N'000
-	13,745

38. Related party transaction

During the year, the company had no significant business dealings with related parties. The transaction value and balances of these business is as at the previous year and the dealings are:

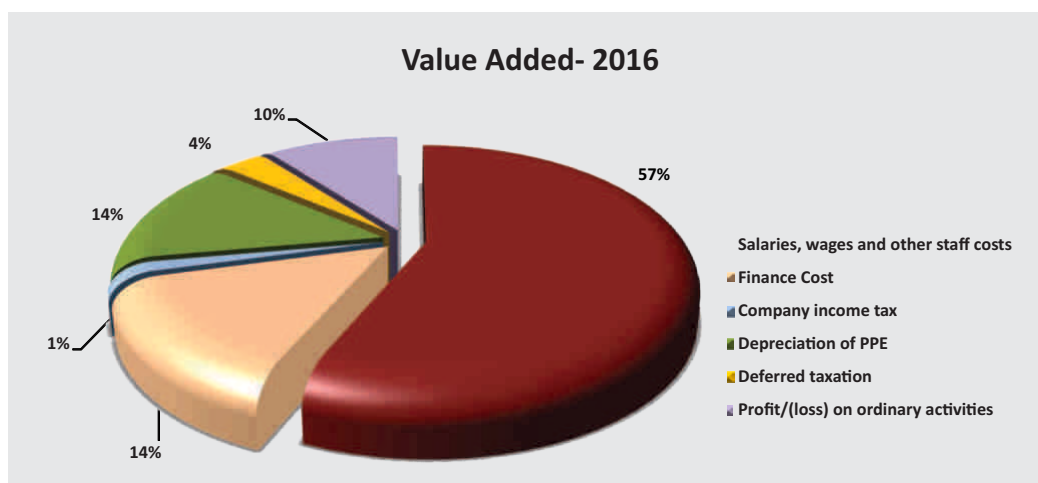
39. Some of the directors of Neimeth International Pharmaceutical Plc are also the directors of Worldwide Healthcare Limited.
40. **Financial commitments**
The Directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of these financial statements. These liabilities are relevant in assessing the Company's state of affairs.
41. **Capital Commitments**
The Directors are of the opinion that there were no capital commitments at 30 September 2016 (2015 - Nil).
42. **Contingent Liabilities**
The Company is subject to various pending litigations arising in the normal course of business. The contingent liabilities in respect of pending litigations was N2,600,000 as at 30 September 2016 (2015 : N6,598,190). Hence provision has been made in this financial statements.
43. **Events after reporting date**
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 mentioned 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.
44. **Comparative figures**
Certain comparative figures in these financial statements have been reclassified to ensure proper disclosure and uniformity with current year presentation.



Statement of Value Added for the Year Ended 30 September 2016

	2016 N'000	%	2015 N'000	%
Turnover	2,001,815		1,460,728	
Other income	6,158		32,308	
	2,007,973		1,493,036	
Cost of goods and services - foreign	(1,159,650)		(1,159,649)	
Cost of goods and services - local	(219,663)		(75,552)	
Value added	628,660	100	257,835	100
Applied as follows:				
To pay employees:				
Salaries wages and other staff costs	355,402	57	384,849	149
To providers of capital:				
Finance costs	89,595	14	92,136	36
To pay Government:				
Company income tax	8,765	1	9,015	3
To provide for assets replacement:				
Depreciation of property, plant and equipment	88,302	14	96,622	37
Retained for future expansion:				
- Deferred taxation	21,503	3	10,897	4
- Profit/(loss) suffered on ordinary activities	65,093	10	(335,684)	(130)
Value added	628,660	100	257,835	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.



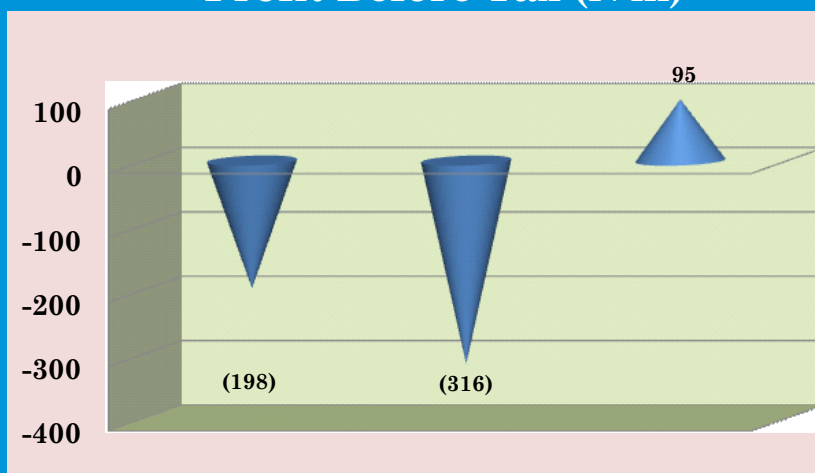
	IFRS				
	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
Statement of financial position					
Property, plant and equipment	503,172	471,396	541,976	426,045	469,247
Deferred tax assets	-	-	-	-	28,154
Deposit for shares	-	-	24,515	24,515	24,515
Available for sale assets	-	-	-	55,629	34,527
Net current assets	1,042,730	897,036	1,099,542	1,465,385	1,242,599
Non current liabilities	(323,484)	(211,107)	(173,024)	(237,785)	(216,749)
Net assets	1,222,418	1,157,325	1,493,009	1,733,789	1,582,293
Equity and reserves					
Share capital	784,776	784,776	784,776	653,980	653,980
Share premium reserve	1,197,933	1,197,933	1,197,933	1,197,933	1,328,729
Bonus issue reserve	-	-	-	130,796	-
Fair value reserve	-	-	-	12,245	(8,673)
Retained earnings	(760,291)	(825,384)	(489,700)	(261,165)	(391,743)
Total equity and reserves	1,222,418	1,157,325	1,493,009	1,733,789	1,582,293
	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
Statement of Comprehensive income					
Turnover	2,001,815	1,460,728	1,628,395	2,016,522	2,330,203
Profit/(loss) before tax	95,361	(315,772)	(198,173)	182,135	(78,140)
Taxation	(30,268)	(19,912)	(30,362)	(51,556)	18,204
Profit/(loss) for the year	65,093	(335,684)	(228,535)	130,579	(59,936)
Other comprehensive income/(loss) for the year	-	-	-	20,918	(8,673)
Total comprehensive income/(loss) for the year	65,093	(335,684)	(228,535)	151,497	(68,609)
Per share data:					
Earnings/(loss) per share (kobo) - Basic	4	(21)	(15)	10	(5)
Net assets per ordinary share (kobo)	78	74	95	136	121

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

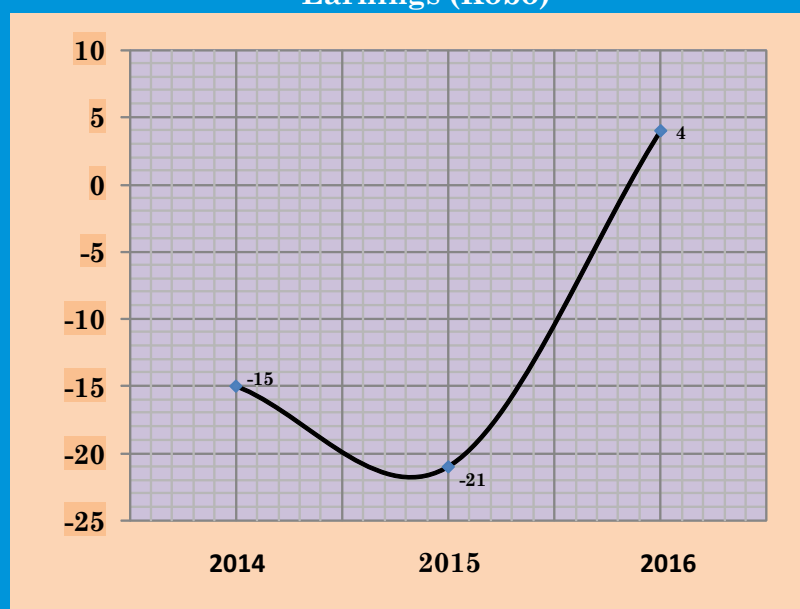
Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.



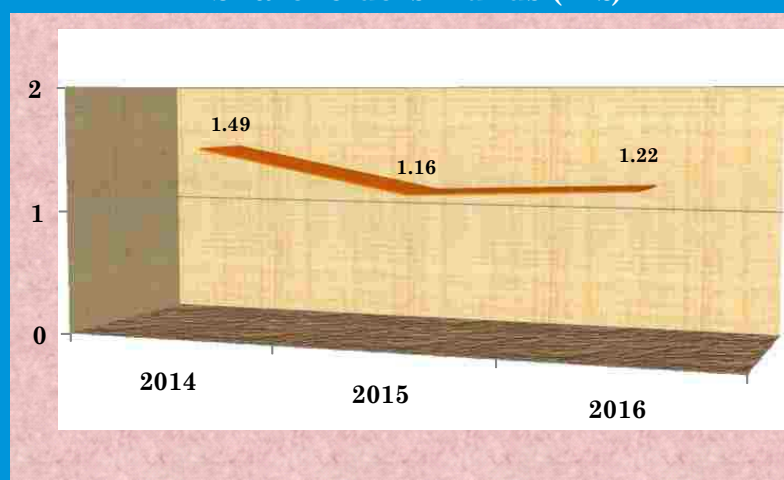
Profit Before Tax (N'm)



Earnings (Kobo)



Shareholders' Funds (N'b)



UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Members are hereby informed that since Pfizer Product Plc became a Public Quoted Company, and subsequent Management Buy Over by Neimeth International Pharmaceuticals Plc, 30 Dividends had been declared and Five (5) bonus certificates had been issued.

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

A. DIVIDEND ISSUED

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

B. CERTIFICATES ISSUED

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

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

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

The Registrar
Meristem Registrars Limited
213 Hebert Macaulay Way
Adekunle – Yaba,
Lagos.
Tel: 01 -8920491 – 2, 2702361
E-mail: infor@meristemregistrars.com

The Company Secretary
Neimeth Int'l Pharms. Plc.
No. 1, Henry Carr Street
Ikeja
Lagos.
Tel: 08158422346, 08033128663
E-mail: info@neimethplc.com.ng



YEAR	AUTHORIZED		ISSUED AND PAID UP		CONSIDERATION
	₦ CHANGE	₦ CUMMULATIVE	₦ CHANGE	₦ CUMMULATIVE	
Aug 57	50,000	50,000	4	4	Cash
Sep 57	-	50,000	6,996	7,000	Cash
1965	950,000	1,000,000	0	0	-
1966	-	1,000,000	303,192	310,192	Cash
1971	-	1,000,000	52,638	362,830	Bonus
1973	-	1,000,000	615,000	977,830	Cash
Mar 77	-	1,000,000	0	0	-
Jul 77	-	1,000,000	488,914	1,466,744	Bonus
Sep 77	Nomin value Changed to 50k p/share	4,000,000	0	0	-
Apr 78	-	4,000,000	783,256	2,250,000	Bonus
Nov 78	-	4,000,000	1,500,000	3,750,000	New Issue
1980	1,000,000	5,000,000	937,500	4,687,500	Bonus
1981	3,000,000	8,000,000	937,500	5,625,000	Bonus
1983	-	8,000,000	1,406,250	7,031,250	Bonus
1985	4,000,000	12,000,000	1,406,250	8,437,500	Bonus
1987	-	12,000,000	2,109,375	10,546,875	Bonus
Jan 92	38,000,000	50,000,000	0	10,546,875	-
Jul 92	-	50,000,000	21,094,000	31,640,875	Rights Issue
Apr 99	-	50,000,000	7,910,218	39,551,093	Bonus
Apr 99	75,000,000	125,000,000	16,737,163	56,288,256	Right/Public Offer
2001	-	125,000,000	228,540	56,516,796	Cash
2002	-	125,000,000	350,000	56,866,796	Cash
Sep 03	-	125,000,000	11,373,359	68,240,155	Bonus
Sep 03	-	125,000,000	1,298,261	69,538,416	Cash
2004	-	125,000,000	12,565,429	82,103,845	Cash
Jul 05	-	125,000,000	10,421,000	92,524,845	Cash
Jul 05	-	125,000,000	18,504,800	111,029,645	Bonus
Sep 05	625,000,000	750,000,000	-	-	-
Mar 06	-	750,000,000	217,600,713	328,630,358	Cash
Sept 08	-	750,000,000	82,158,000	410,788,358	Bonus
Oct 2011	250,000,000	1,000,000,000	486,382,724	653,979,720	Rights Issue
Mar 2014	-	1,000,000,000	130,795,944	784,775,664	Bonus



Annual General Meeting to be held at 11.00 a.m. on 7th February, 2017 at the Oranmiyan Hall, Lagos Airport Hotel, 111 Awolowo Way, Ikeja, Lagos

I/We _____

of _____

being a member/members of NEIMETH INTERNATIONAL PHARMACEUTICALS PLC hereby appoint**

.....

or failing him, the Chairman of the meeting as my/our Proxy to vote on my behalf at the Annual General Meeting of the Company to be held on 7th February, 2017 and at any adjournment thereof.

Dated thisDay.....2017

Shareholder's Signature

S/N	NUMBER OF SHARE RESOLUTION	FOR	AGAINST
1.	Receive the Report of the Directors, the Statement of Financial Position as at September 30th, 2016, together with the Statement of Comprehensive Income for the year ended on that date and the Reports of the Auditors and Audit Committee thereon.		
2.	Re-elect Directors i. Prof . E. N Sokomba ii. Mr. C. U. Mmenje		
3.	Approve the remuneration of Directors		
4.	Authorize the Directors to fix the remuneration of The Auditors for the ensuing Financial year.		
5.	Elect member of the Audit Committee		
6.	Special Resolution: "That pursuant to Articles 119 and 121 of the Memorandum and Articles of Association of the company, the recommendation of the Directors that the sum of N78,477,566.50 being part of the sum standing to the credit of share premium be capitalized and that the Directors be and they are hereby authorized to appropriate such sum to the holders of ordinary shares registered at the close of business on Tuesday, 31st January, 2017 in the proportion to the number of ordinary shares then held by them respectively to apply such sum on behalf of such holders in paying in full 156,955,133 of the unissued ordinary shares in the capital of the company, such shares to be allotted, distributed and credited as fully paid up, to and amongst such holders in proportion of 1 for 10 ordinary shares then held and that such shall rank for all purposes pari -passu with the existing issued ordinary shares of the company."		

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



SERIAL NUMBER

NUMBER OF SHARES

ADMISSION CARD

Annual General meeting to be held at 11.00 a.m. on 7th February, 2017 at Oranmiyan Hall, Lagos Airport Hotel, 111 Awolowo Way, Ikeja, Lagos.

IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote on a poll by proxy. The above card has been prepared to enable you to exercise your right to vote, in case you cannot personally attend the meeting.

Following the normal practice, the Chairman of the meeting has been entered on the card to ensure that someone will be in the meeting to act as proxy, but if you wish, you may insert in the blank space on the card (marked**) the name of any person. Whether a member of the Company or not, who will attend and vote on your behalf instead.

Please sign the above proxy and post it as to reach the address on the other side not later than 11.00 a.m. on 7th February, 2017. The company will have a N50 Stamp endorsed by the Commissioner for Stamp Duties in the space provided above. If executed by a Corporation, the Proxy Card should be sealed with the Common Seal.

IMPORTANT

The name of the Shareholder must be written in BLOCK CAPITALS on the proxy card where marked*.

This Admission Card must be produced by the shareholder or his proxy.

Shareholders or their proxies are requested to sign the admission card before attending the meeting.

Signature of person attending.....

Application Form

Neimeth International Pharmaceuticals Plc
(RC: 1557)

for e-bonus & e-dividend

Dear Shareholder(s)

SHAREHOLDERS DATA UPDATE

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

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

E-mail Add: Name of Bank

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

No. of Units held

NAME OF SHAREHOLDER/CORPORATE SHAREHOLDER

PRESENT/NEW ADDRESS.....

.....
.....
.....

NAME OF COMPANY IN WHICH YOU HAVE SHARES

REGISTRAR'S USE

NAME.....

SIGNATURE.....

USE

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

Yours faithfully,

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

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

PLEASE COMPLETE, DETACH AND RETURN TO

Meristem Registrars Limited

213, Herbert Maculay Way

Yaba, Lagos.

2017

Neimeth International Pharmaceuticals Plc
(RC: 1557)

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

--

In case of Corporate Shareholder, use company seal.

The Registrar
Meristem Registrar Limited
213, Herbert Macaulay Way
Adekunle, Yaba,
Lagos

INTRODUCING

THE NEW LOOK OF

ANTISEPTIC CARE

ncp[®]
LIQUID ANTISEPTIC

Now In Trendier
& More Affordable
Pack Sizes



... **27** Unique Uses And Counting