



NEIMETH INTERNATIONAL  
PHARMACEUTICALS PLC



# ANNUAL REPORT

Providing Innovative  
Quality Healthcare

# 2020

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**Neimeth International Pharmaceuticals Plc**

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

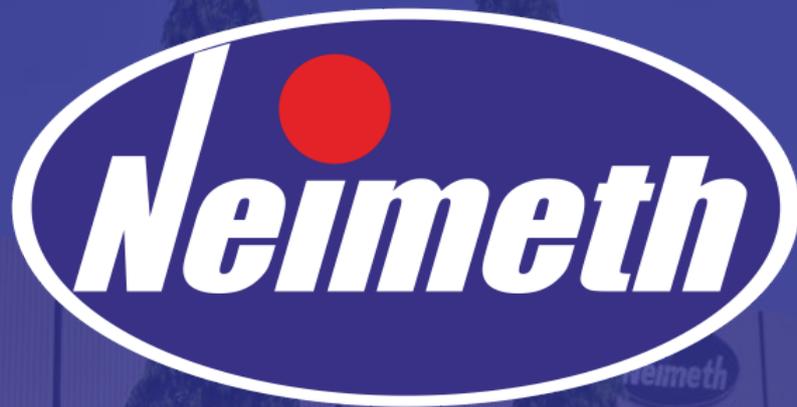
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Neimeth International Pharmaceuticals Plc



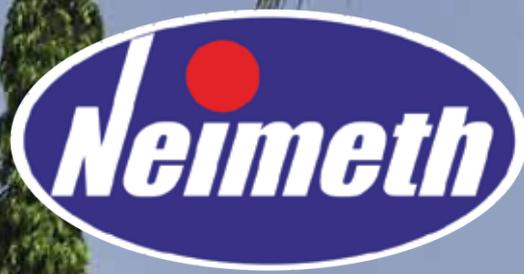
# VISION & MISSION

## VISION

To be the Leading Innovative Healthcare  
Provider out of Africa

## MISSION

To Promote Healthy Confident Living



## CORE VALUES

### **CUSTOMER DELIGHT**

We believe that our customers are the bedrock of our market position. We are committed to meeting the needs of our customers and satisfying their desires by striving to always offer them the best quality products at the best prices as well as address all their demands responsibly.

### **INNOVATION**

We believe that by doing things differently, building a foundation on new and proven ideas, we can change any situation. Our commitment to innovation means we shall continuously introduce better and efficacious products to meet the changing market needs.

### **INTEGRITY**

At Neimeth, we expect our stakeholders to be people of integrity; and we demand same of ourselves. Openness, honesty and ethical conduct must characterize our transactions.

### **GOD CONSCIOUSNESS**

We believe that the Almighty God created Heaven and the Earth and all that are within them. We recognize the sovereign character of God and His love for mankind. Our desire is to do God's will and in all our dealings to reflect our love and respect for Him, knowing full well that we need divine guidance to successfully and consistently accomplish our mission/vision.

### **LEADERSHIP**

We are committed to providing leadership at all levels in our organization, the Nigerian healthcare industry and indeed the sub-Saharan Africa.

### **COMMUNITY**

We give our best as a corporate citizen to the communities in which we operate by improving their well-being; we receive commensurate rewards from them because our corporate life is tied to their well-being.

### **TEAMWORK**

Neimeth expects staff to approach their tasks with the spirit of teamwork, sharing responsibilities and rewards with each other in an environment of trust and friendship.

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**1 DR. AMBROSIE B. C. ORJIAKO (OFR)**  
CHAIRMAN

Dr. A. B. C. Orjiako became Chairman of the Board of Directors of Neimeth on 1st 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.

**2 PHARM. MATTHEW O. AZOJI**  
MANAGING DIRECTOR / CEO

Pharm. Azoji joined Neimeth as Managing Director/CEO in February 2019. He graduated from the Obafemi Awolowo University, Ile-Ife, Osun State, where he obtained his B. Pharm (First Class Honours), before going on to obtain an MBA (Marketing) and Advanced Management Programme (AMP). He obtained certificates in Pharmaceutical Policy & Pharmaco-economics and went on to get his M.Sc. in Public Health from the University of London, International Programmes. In addition, he has an M.Phil. (Pharmacy Administration) from Obafemi Awolowo, Ile-Ife. Pharm. Azoji is a Fellow of Pharmaceutical Society of Nigeria (FPSN) and Fellow, West African Postgraduate College of Pharmacists (FPCPharm). He is member, Institute of Directors (IoD) and several other professional associations. Prior to joining Neimeth, he worked with May & Baker Nigeria Plc. at various levels and was the pioneer MD/CEO of CHAN Medi-Pharm Ltd/Gte, and led the executive and management teams of Biovaccines Nigeria Ltd., a public-private partnership company between the

Federal Government of Nigeria and May & Baker Nigeria Plc.

**3 PHARM. (MRS.) ROSELINE A. OPUTA**  
EXECUTIVE DIRECTOR, SALES AND MARKETING

Mrs. Oputa obtained her Bachelor of Pharmacy Degree from the University of Nigeria Nsukka in 1990.

She joined the Company in 1992 as Pharmaceutical Sales Representative and has held various positions such as Manager Sales Training and Customer Satisfaction, National Demand Manager, Group Product Manager, Marketing Manager, Associate Director/Head of Ethical Product Group (EPG), Director of Administration and Corporate Programmes. Pharm. Oputa is member, Pharmaceutical Society of Nigeria (MPSN).

She joined the Board of Directors as an Executive Director of Neimeth International Pharmaceuticals Plc on 20th October 2017. Prior to her appointment, she served as Operational Director of Sales and Marketing.

**4 MRS. TEMITAYO O. NELSON**  
EXECUTIVE DIRECTOR, FINANCE

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



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

**5 MAZI SAMUEL I. OHUABUNWA (OFR)**  
NON-EXECUTIVE DIRECTOR

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

Mazi Ohuabunwa is a fellow of several professional organizations, amongst which are the Pharmaceutical Society of Nigeria (FPSN), the Nigerian Academy of Pharmacy (FNAPharm), the West African Postgraduate College of Pharmacists (FPCPharm), 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 (NACC), Past President Nigerian Employers Consultative Association (NECA) and Past Chairman of the Nigeria Economic Summit Group (NESG). He is the Chairman of the African Centre for Business Development, Strategy and Development as well

as several other prestigious organizations. He is currently the President, Pharmaceutical Society of Nigeria (PSN)

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

**6 ENGR. GODWIN E. OMENE**  
NON-EXECUTIVE DIRECTOR

Engr. Omene was invited to the Board on 25th February 2008. A first class graduate of Imperial College of Science and Technology, London, he was the pioneer Managing Director of Niger Delta Development Commission (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.

**7 PROF. ELIJAH N. SOKOMBA**  
NON-EXECUTIVE DIRECTOR

Prof. Sokomba was invited to the Board on 25th February 2008. He is an accomplished Pharmacist, Professor of Pharmacology, and former Dean, Faculty of Pharmaceutical Sciences, University of Jos, who has garnered considerable experience in Research / Teaching, University Administration, State Health Service Management and National Agency for Food and Drug



Administration and Control (NAFDAC) where he was a Director.

**8 PROF MAURICE M. IWU**  
NON-EXECUTIVE DIRECTOR

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

**9 SIR. IKE T. ONYECHI**  
NON-EXECUTIVE DIRECTOR

Sir Onyechi was invited to the Board on 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 Pharmaceutical Society of Nigeria (PSN), Fellow, West African Postgraduate College of Pharmacists and member of many associations.

He is equally a member of the board of many reputable companies and establishments.

**10 MR. THOMAS T. OSOBU**  
NON-EXECUTIVE DIRECTOR

Mr. Osobu was invited to the Board on 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.

**11 MRS. BASHIRAT O. ODUNEWU**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

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



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Neimeth International Pharmaceuticals Plc

DIRECTORS:	Dr. A. B. C. Orjiako	Chairman
	Pharm. M. O Azoji	MD/CEO
	Mrs. R. A Oputa	Executive Director
	Mrs. T. O. Nelson	Executive Director
	Mazi S. I. Ohuabunwa	Non-Executive Director
	Engr. G. E. Omene	Non-Executive Director
	Prof. E. N. Sokomba	Non-Executive Director
	Prof M. M. Iwu	Non-Executive Director
	Sir. I. T. Onyechi	Non-Executive Director
	Mr. T. T. Osobu	Non-Executive Director
	Mrs. B. O. Odunewu	Independent Non-Executive Director

SECRETARY: Mrs. F. I. Onyenekwe

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

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

REGISTRARS: Meristem Registrars and Probate Services Limited  
213, Herbert Macaulay Way  
Adekunle – Yaba, Lagos.  
Telephone Nos: +234 (1) 2809250 - 3, +234 (1) 8920491 - 2  
E-mail: info@meristemregistrars.com

LEGAL ADVISER/  
SOLICITOR: Chris O. Omolabi & Associates  
REALS PLAZA, 1, Junaid Dosunmu Street,  
Off Hakeem Balogun Street, CBD Alausa,  
Ikeja, Lagos.  
E-mail: dec8\_2000@yahoo.com  
Telephone: 08033063829, 07067498945

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



**Major Statement of Comprehensive****Income items:**

	Year ended 30-Sept-20 ₦'000	Year ended 30-Sept-19 ₦'000	% Change
Turnover	2,839,119	2,371,311	20
Profit before taxation	297,388	304,439	(2)
Profit after taxation	212,476	220,147	(3)
Share Capital	949,579	949,579	-
Shareholders' funds	1,274,661	1,072,018	19

**Per Share Data:**

Earnings per share (Kobo) (Basic)	11	12	(8)
Dividend per share (Kobo)	-	-	-
Net assets per share (Kobo)	67	56	20
Number of employees	196	166	18
Market price as at 30 <sup>th</sup> September	1.85	0.40	363%



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A Combination Therapy of  
Artemether 80mg+Lumefantrine 480mg

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- Affordable.
- With Mobile Authentication System.



*...Neimeth Malaria Terminator*

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

Available  
in  
Pharmacies  
Nationwide



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Neimeth International Pharmaceuticals Plc

**NOTICE IS HEREBY GIVEN THAT** the 62<sup>nd</sup> Annual General Meeting of the members of **NEIMETH INTERNATIONAL PHARMACEUTICALS PLC.** will be held at NECA House Plot A2, Hakeem Balogun Street, Alausa, Ikeja, Lagos on Tuesday, 9<sup>th</sup> March, 2021 at 11.00am to transact the following businesses:

#### **ORDINARY BUSINESS:**

- 1 Receive the Report of the Directors, Statement of Financial Position as at 30<sup>th</sup> September 2020 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 Declare Dividend
- 3 Re-elect the following Directors retiring by rotation:
  - Prof. Maurice M. Iwu
  - Sir. Ike. T. Onyechi
  - Mr. Thomas T. Osobu
- 4 Re-appoint PKF Professional Services as the auditors of the Company and to authorize the Directors to fix their remuneration for the ensuing financial year.
- 5 Elect members of the Audit Committee

#### **SPECIAL BUSINESS:**

6. Approve the remuneration of Directors.
7. To consider and if thought fit, pass the following resolutions as Special Resolutions:
  - (i). “That the Company raise for subscription, the sum of ₦5,000,000,000 by issuing the appropriate number of shares at a price to be determined by the Issuing House and other relevant regulatory authorities for the purpose of establishing a new plant at Amawbia, Anambra State that meets World Health Organization (WHO) current standards of Good Manufacturing Practices (cGMP)”.
  - (ii). “That the Issued Share Capital of the Company be increased from ₦1,000,000,000.00 to ₦2,000,000,000.00 by the creation of additional thereunto of 2,000,000,000 Ordinary Shares of 50kobo each, such new share to rank pari-passu in all respects with the existing shares in the Capital of the Company”.

#### **NOTES:**

##### **1. PROXY**

In view of the COVID-19 pandemic and relevant directives on the maximum number of persons at a gathering and social distancing, attendance at this AGM shall be by proxy only.

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. Therefore, Members who are entitled to attend and vote at the AGM are advised to appoint a proxy of their choice from the following proposed proxies to attend and vote in their stead:

- i. Sir. Sunny Nwosu
- ii. Mr. Boniface Okezie
- iii. Mr. Matthew Akinlade
- iv. Mrs. Bisi Bakare
- v. Dr. Anthony Omojola
- vi. Mr. Nornah Awoh
- vii. Mr. Moses Igbrude
- viii. Chief Robert Igwe
- ix. Pst. Alex Adio
- x. Mr. Patrick Ajudua
- xi. Mrs. Esther Augustine

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

Note that payment of stamp duties for all proxy forms shall be at the Company's expense.

## 1. CLOSURE OF REGISTER

### i. Qualification

Members whose names appear in the Register of Members at the close of business on Monday, 22<sup>nd</sup> February 2021 shall be qualified to receive dividend.

### ii. Closure of Register

The Register of Members and Transfer Books of the Company will be closed on Tuesday 23<sup>rd</sup> February, 2021 and re-open on Monday, 28<sup>th</sup> February, 2021 for the purpose of updating the Register of Members.

## 2. DIVIDEND WARRANT

If the payment of the Dividend of 6.5kobo per share recommended by Directors is approved by members at the 62<sup>nd</sup> Annual General Meeting, the warrant/transfer for the dividend will be posted or E-payment made on or before Friday, 12<sup>th</sup> March 2021 to holders of shares whose names are in the Register of Members as at Monday, 22<sup>nd</sup> February 2021.



### 3. STATUTORY AUDIT COMMITTEE

In accordance with Section 404(6) of the Companies and Allied Matters Act 2020, 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 such questions must be submitted to the Company Secretary on or before 2<sup>nd</sup> March 2021.

### 5. E-DIVIDEND/BONUS MANDATE

Shareholders who are yet to complete the e-dividend/e-bonus form or who need to complete their records and relevant bank accounts are urged to complete the e-dividend form which can be detached from the Annual Report and Accounts or downloaded from our website at [www.neimethplc.com.ng](http://www.neimethplc.com.ng). The duly completed form should be returned to Meristem Registrars and Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos.

### 6. UNCLAIMED DIVIDEND

Shareholders are hereby informed that some dividends have remained unclaimed and returned to the Registrar. The list of all unclaimed dividends will be circulated to affected shareholders and they are advised to contact the Registrars to resolve any related issue.

### 7. LIVE STREAMING

Stakeholders who will not be able to attend the meeting physically are encouraged to join the meeting virtually, as it will be streamed live online. The link for the live streaming /log-in details will be made available subsequently on the Company's website and by the Registrars through telephone numbers and email addresses of shareholders.

Dated this 25<sup>th</sup> day of January 2021



F. I. ONYENEKWE (MRS.)  
Company Secretary  
FRC/2014/ICAN/00000010082  
Registered Office  
16, Akanni Doherty Layout (Billings Way)  
Oregon Industrial Estate  
Oregon, Lagos.



# Obron-6

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MOTHERS-TO-BE

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- Nursing mothers.
- Mothers-to-be.

*...healthy mother, healthier baby.*



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“

But the outbreak of COVID-19 pandemic in December 2019 was to alter the socio-economic lives of countries in an unprecedented manner. The pandemic disrupted individuals' mental health and well-being. People around the world suddenly became prisoners in their own homes, and nearly all economic activities halted. Supply and demand shocks caused contractions from production to consumption across the entire global supply chain.



**DR. AMBROSIE B. C. ORJAKO (OFR)**  
CHAIRMAN

Fellow Shareholders, I welcome you to the 62<sup>nd</sup> Annual General Meeting of our Company and I am pleased to lay before you the Annual Report and Accounts for the year ended 30 September 2020. For the period, our Company remained focused as a healthcare manufacturer and distributor, specializing in human pharmaceuticals, personal care and hygiene products as well as animal healthcare products.

## GLOBAL OPERATING ENVIRONMENT

The business year started on a positive outlook. The year 2019 encompassing the first quarter of our financial year ended with global Gross Domestic Product (GDP) growth rate of +2.9% according to the International Monetary Fund (IMF).

But the outbreak of COVID-19 pandemic in December 2019 was to alter the socio-economic lives of countries in an unprecedented manner. The pandemic disrupted individuals' mental health and well-being. People around the world suddenly became prisoners in their own homes, and nearly all economic activities halted. Supply and demand shocks caused contractions from production to consumption across the entire global supply chain.

The measures to prevent infection by reducing social interactions between people led to significant reductions in the activities of many economic sectors. This affected economic growth rates in both developed and developing countries. It decreased the predictability of risk and made it difficult to avoid supply chain disruptions. These disruptions affected not only the firms that operate inter-dependently along global supply chains but also their linkages with related industries.

The chaotic environment created by the pandemic disturbed traditional market dynamics such that even consumption habits changed. As individuals' lives became more isolated, both their social lives and national economies changed. Quarantine measures, travel restrictions, and social distancing made profound economic impacts.

The IMF estimated Global GDP growth rate for 2020 to end at -4.7%, a clear indication that the world faces a global recession.

Governments across the world, including Nigeria are making efforts to provide support and incentives to the industries that are most in need, to help them recover as soon as possible.

## AFRICAN ENVIRONMENT

As the effects of the pandemic continue to manifest, it was estimated that African economies will have a fall of about 1.4% in GDP, with smaller economies facing contraction of up to 7.8%. The contraction is mainly a result of export adjustments affecting primary commodity exporters, and the attendant losses to tax revenue which reduced the capacity of government to extend public services necessary to respond to the crisis. At the end of 2020 African merchandise exports was estimated to contract by about 17%.

The implementation of the African Continental Free Trade Agreement (AfCFTA) from January 2021, is expected to play a crucial role in diversifying African economies and helping to shield them from global commodity price shocks that have continued to dictate the direction of the continent's trade and economic progress.

## NIGERIAN ENVIRONMENT

After the 2016 economic recession, the unexpected and sustained decline in oil price was the most important cause of economic crises in Nigeria. Oil price dropped from nearly US\$60 per barrel in 2019 to as low as US\$9 per barrel in April, 2020.

The Coronavirus Disease berthed in Nigeria on 27 February 2020 and by 25 September 2020, the NCDC had recorded 58,000 cases and 110 deaths. The new public health crisis triggered its own economic crisis in the country.

Nigeria was therefore hit hard by both the spread of the virus and the decline in oil prices - a sector on which the economy is heavily reliant. The government was laden with the challenging task of managing a health crisis in an already weakened economy.

“I am excited to inform you that following the good performance, our company has returned to dividend payment after almost a decade.

Like elsewhere, the spread of the Coronavirus, engendered severe disruption to society and businesses in Nigeria. For many organisations in the country, effective cash flow management became a critical issue as revenues fell, debtors delayed payments or became insolvent.

One major fallout of the COVID -19 pandemic is the drop in aggregate income. Household income shrank substantially because many people lost jobs while others were placed on part salary. Businesses were shut and the informal sector of the economy almost extinguished during the lockdown. Added to this was a low consumer spending power which was seriously eroded. Over 70% of Nigerians pay for their medicines through out of pocket expenditure and as a result of diminishing disposable income, aggregate demand of health commodities decreased.

The COVID-19 pandemic affected the Nigerian stock market, when investors pulled out their investments into so-called safe havens like US Treasury bonds. Stock market investors lost over ₦2.3 trillion (US\$5.9bn) barely three weeks after the first case of Coronavirus was confirmed and announced in Nigeria on 27 February 2020. The market capitalisation of listed equities, which was valued at ₦13.657 trillion (US\$35.2bn) on Friday, 28 February 2020 depreciated by ₦2.349 trillion to ₦11.308 trillion (US\$29.1bn) on Monday 23 March 2020. The All-share index closed at 21,700.98 from 26,216.46 representing 4,515.48 points or 20.8% drop.

The unemployment surge that followed the COVID-19 crisis coupled with hyperinflation that peaked at 13% by September 2020 further impaired the purchasing power of the people. According to the National Bureau of Statistics, as of July 2020, many households were resorting to coping mechanisms that can have further longer-term negative impacts such as reducing food consumption.

Nigeria's GDP which ended +2.2% in 2019 was estimated to end at -5.4% according to the latest World Economic Outlook projections by the IMF.

The government responded to the crisis by providing financial assistance to businesses and a small number of households that were affected by the Coronavirus (COVID-19) outbreak. The monetary authority also adopted palliative monetary policies and offered targeted loan support to some sectors including the pharmaceutical sector with a ₦100 billion stimulus package. But the fiscal stimulus offered by government proved inadequate. The ₦500 billion or 0.4% of the nation's GDP of ₦144 trillion bailout package provided by the Central Bank of Nigeria could not make much impact in the larger economy.

## HEALTHCARE SECTOR

Currently, Nigeria operates a two-tiered healthcare system with a large public healthcare sector and a smaller private healthcare sector. Compared to developed countries, the private healthcare sector in Nigeria is very small and fragmented. There is limited funding for private health insurance and most healthcare spending in Nigeria is done by out-of-pocket expenditure, which suggest that most Nigerians either do not rely on or trust the health insurance system in the country. By 2019 health insurance covered only 5% of the total population.

The weak healthcare system poses operational challenges but also provides much opportunity for further investment in the healthcare sector. This positive sentiment follows the realization that, of the 20 countries with the highest maternal mortality around the globe, 19 are said to be in Africa which also has the highest neonatal death in the world. The continent is also confronted with high rate of life-threatening communicable and non-communicable diseases with health care needs unmet.

Further confirming the potentials for growth is the fact that Sub-Saharan Africa (SSA) and Nigeria healthcare sectors are among the most attractive in Africa. Nigeria accounts for about 30% of local medicine supply and many countries in SSA depend 100% on imports for their medicine supply. The Nigerian pharmaceutical industry is one of the largest in West Africa, and accounts for about 60% of the market share in the sub region.

Our company is optimistic of taking advantage of the anticipated recovery of the healthcare sector from the COVID-19 pandemic.

## OUR RESULT

Despite the very challenging operating environment in the business year under review, I am pleased to inform you that our company recorded a growth of 20% in revenue from ₦2.37 billion in the 2018/19 business year to ₦2.84 billion in the 2019/2020 business year. Profit before Tax however slid by 2.30% at ₦297 million compared to ₦304 million in 2019.

## DIVIDEND PAYMENT

I am excited to inform you that following the good performance, our company has returned to dividend payment after almost a decade. The Directors have recommended a dividend of 6.5 kobo for every 50 kobo share held in the company. This amounts to a total dividend pay-out of ₦123,445,270.00. This was made possible because of our successful balance sheet restructuring which you shareholders graciously approved at the last AGM. I also thank the Management for ending the era of losses which has enabled us declare dividend. Our plan is to continue in this direction and to annually increase the amount of payable dividend.

## FACILITY UPGRADE, NEW PLANT

The plant which we are currently producing from was constructed over 44 years ago, precisely in 1976. You agree with me that this facility can no longer be technologically compliant. Our plan is to upgrade the plant at Oregun factory and enhance its output and ensure continued compliance with current standards of Good Manufacturing Practice (cGMP). This we intend to commence in the current business year with the loan from the Bank of Industry.

We also plan to open a new World Health Organization (WHO) cGMP compliant multi-product manufacturing facility at Amawbia in Anambra State using the low interest loan obtained from Central Bank of Nigeria (CBN). Civil work on this project is expected to commence soon.

With both facilities we shall be in a good position to meet demand for our key products and introduce new ones. These two projects are critical to achievement of our 5-Year Strategic Plan which was approved recently by the Board.

## THE WAY FORWARD

We are looking ahead to a great future. While we shall maintain the growth trajectory with targeted research and innovation, in the short and medium terms, through the 5-Year Strategic Plan, our objective in the longer term is to make Neimeth a leading healthcare conglomerate in Africa in line with the new corporate vision.

## CONCLUSION

I am deeply grateful to God for the progress being made by our Company and for protecting all members of the Neimeth community from the raging COVID-19 pandemic.

I thank all our customers, suppliers, shareholders, regulatory authorities, our communities and various governments for their kind support and assistance which helped us to achieve reasonable success during the year under review.

My heartfelt gratitude also goes to the members of the Board and Executive Management Team for their commitment and leadership which provides the vision that drives our progress as a Company.

Finally, I appreciate every employee of Neimeth for their unprecedented resilience, commitment and hard work all round the clock, ensuring achievement of the Company's strategic objectives especially during the difficult year of the COVID-19 pandemic.



**DR. AMBROSIE B. C. ORJIAKO (OFR)**  
CHAIRMAN, BOARD OF DIRECTORS



“

The attraction of Neimeth is not so much on its current achievements but more in the opportunities ahead. As a Management we shall continue to drive the Company's goals through its corporate vision and strategic plans. Our passion is to move Neimeth from a Good to a Great Company.



**PHARM. MATTHEW O. AZOJI**  
MANAGING DIRECTOR / CEO

**D**istinguished Shareholders, Members of the Board of Directors, our esteemed customers and staff, ladies and gentlemen, it is with every sense of honour and humility that I welcome you to this year's Annual General Meeting.

## OUR BUSINESS ENVIRONMENT

The 2019/2020 business year was one of the most challenging in our generation. Four issues characterised the Nigerian business environment in 2020. First was declining oil revenue. Starting from 2019, crude oil revenue witnessed a persistent fall in prices. From a price of \$60 per barrel the commodity fell as low as \$9 per barrel by April 2020 before inching up again following several measures taken by OPEC to stave a collapse of the crude oil market.

The Nigerian national budget which was planned with an oil price of \$57 per barrel could not be sustained. The fall in oil price during the pandemic meant that the budget became obsolete.

This was followed by shortage of foreign exchange to service business obligations. The Central Bank of Nigeria could not meet foreign exchange requests by manufacturers to purchase spare parts and inputs.

Third was the protracted land border closure that affected trade within the West Coast. This affected both formal and informal trade as Nigerian manufactured products could not find their way into neighbouring countries.

There was of course, the debilitating COVID-19 pandemic which upset global and national economies. There are five main ways through which the COVID-19 pandemic spilled over into Nigeria. One, COVID-19 preventive measures affected borrowers' capacity to service their loans. Large stock of non-performing loans (NPLs) depleted banks' earnings and willingness to give out more loans.

There were supply shocks in the global supply chain as many producers shut down their factories and countries closed their borders particularly China. Nigeria was severely affected because of her import-dependency. As a result, Nigeria witnessed shortage of crucial supplies like pharmaceutical and other healthcare commodities, spare parts, and finished goods. This meant that major raw and packaging materials needed for manufacturing could not be received on time for a significant part of the year. Similarly, aggregate demand significantly went down and as a result sales was sluggish because of the lock-down in Nigeria which affected purchasing power of the populace, disrupted banking operations and to some degree, distribution channels. Sales and Marketing activities were initially hampered because access to healthcare practitioners to talk to them on our products was upset. This was later overcome through the use of various virtual channels.

Though pharmaceutical companies like Neimeth did not shut down, we also could not operate fully because movement was generally hampered both for production and sales teams, though we provided transportation for our staff. As a responsible organization we could not expose our staff to the dangers of the ravaging disease so we had to realign our operations to ensure social distancing which increased production costs.

## THE PHARMACEUTICAL SECTOR

The pharmaceutical sector was confronted with the challenge of providing drugs for the management of COVID-19. But many operators had problems with supply of Active Pharmaceutical Ingredients (API) which could not be imported easily from Asia because they had shut down their factories and closed borders to control the Coronavirus pandemic.

This led to a hike in the prices of COVID-19 related medical products such as face masks and alcohol based hand sanitizers. Our company rose up to the task with a formulation of alcohol based hand sanitizers gel and spray which is 99.99% per cent effective against germs and viruses.

In the wake of the Coronavirus pandemic the Central Bank of Nigeria floated a ₦100 billion stimulus package for the pharmaceutical manufacturing sector in form of low cost loans to help them expand capacity and also gave grants under the Health Sector Research and Development Intervention Scheme (HSRDIS) to help strengthen the public healthcare system with innovative financing of Research and Development (R&D) in new and improved drugs, vaccines and diagnostics of infectious diseases in Nigeria. HSRDIS is expected to activate passionate national

research and development activities that could lead to development of Nigerian vaccines, drugs and herbal medicines against COVID-19 and any other communicable or non-communicable diseases through provision of grants to eligible researchers and organizations.

**OUR PERFORMANCE**

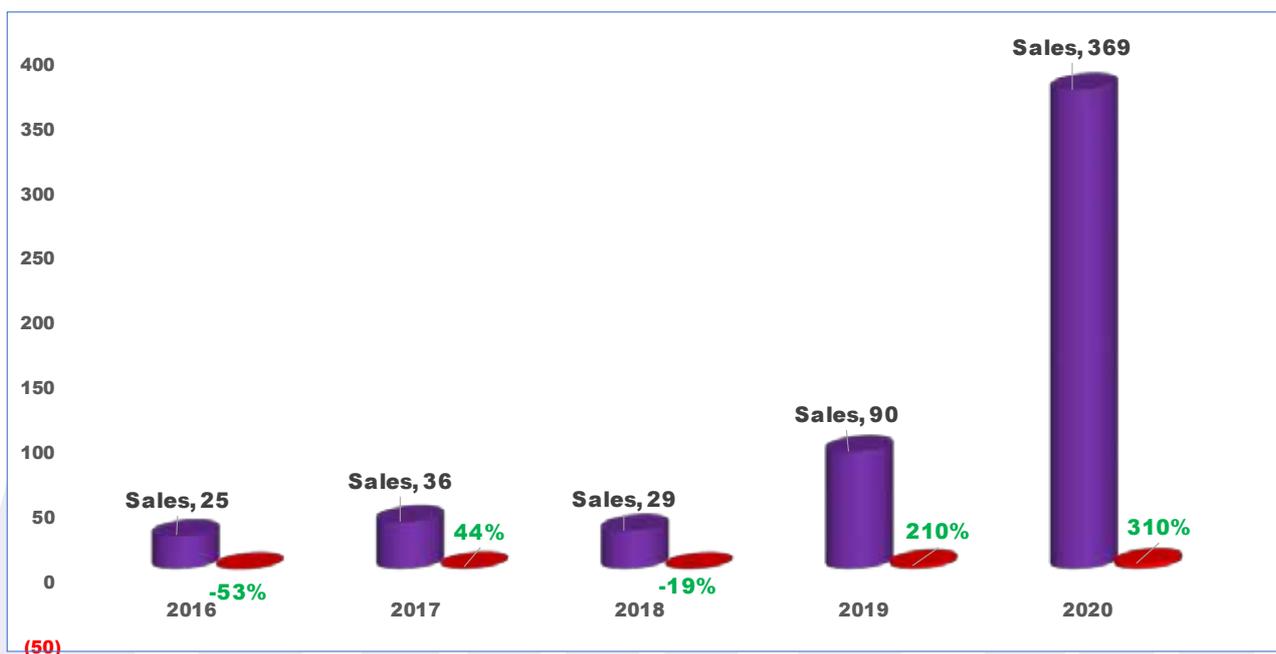
Total revenue for the year ended 30 September 2020 was ₦2,839 million representing a 20% growth over the prior year figure of ₦2,371 million. A 6-year evolution of annual revenues in figure 1 shows that there has been consistent growth in revenues over the past 3 years.

**Figure 1: Evolution of Turnover in Millions of Nigeria Naira 2015-2020**



We made impressive growths across all business segments as increased market share in Nigeria was further boosted by resumption of export sales. Our human pharmaceuticals segment grew by 7.7% from ₦2,280 million in 2019 to

**Figure 2: Annual Evolution of Veterinary Business Sales in Millions of Nigerian Naira and Percentage Growth for the 5-Year Period: 2016-2020**



₦2,470 million in 2020. Veterinary business did even much better, growing by 310% from ₦90 million in 2019 to ₦369 million in 2020 as shown in figure 2.

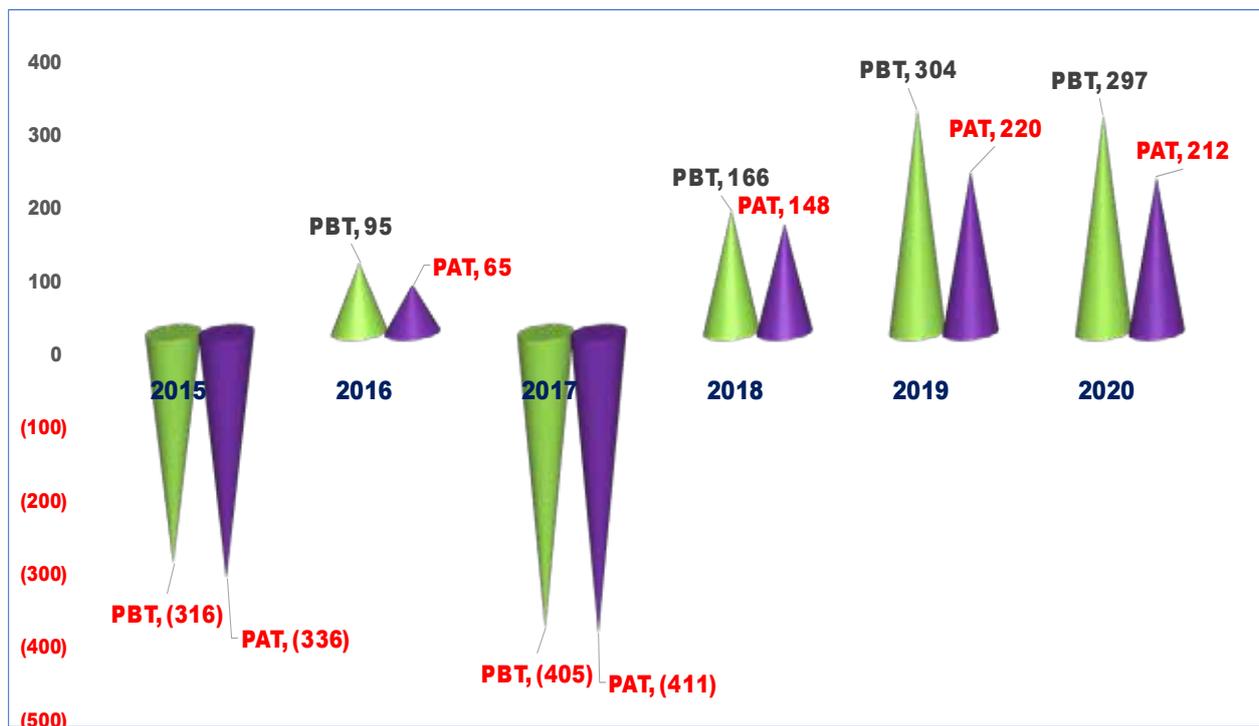
However, our Profit Before Tax (PBT) flattened with a 2.30% drop from ₦304 million in 2019 to ₦297 million in 2020. Similarly Profit After Tax (PAT) came down from ₦220 million to ₦212 million respectively for the two periods.

Due to the devaluation of the Nigerian Naira which was occasioned by the devastating impact of COVID-19 on the Nigerian economy we made substantial loss on foreign exchange transactions. As a result of poor access to foreign exchange from the CBN to pay for raw materials, some transactions eventually had to be paid at higher parallel market rates of exchange, thereby eroding profitability. Similarly, the Company was carrying a foreign exchange denominated loan which came at a lower exchange rate but provision for repayment had to be made at higher rates on account of the devaluation of the Naira. This led to a foreign exchange loss of over ₦188 million during the business year. This constituted a major erosion of profit caused by the overwhelming impact of COVID-19 on the Nigerian economy which affected Neimeth business and this was not anticipated.

Despite these challenges we made substantial increase in distributable earnings which placed the company in good stead for dividend payment.

In addition, figure 3 demonstrates that the last 3 years has shown sustainable profitability, thereby gradually ending the era of performance unpredictability in your Company.

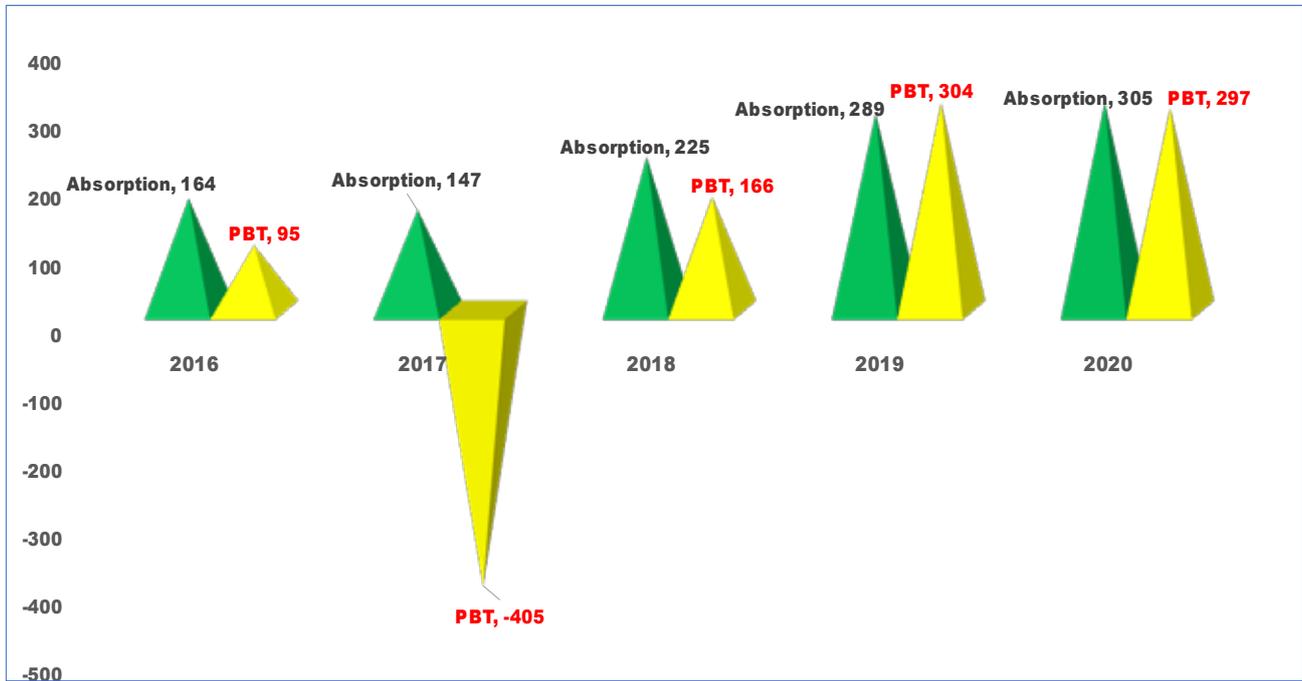
**Figure 3: Evolution of PBT and PAT in Millions of Nigerian Naira: 2015-2020**



In order to ensure that the Company continues to grow in profitability, Management pays significant attention to absorption of Plant Operations Overhead. Overhead are relatively fixed costs of the plant which must be absorbed by production outputs and if not will contribute to major losses in the business. Figure 4, shows that the current financial year had the highest overhead absorption of ₦305 million which was 6% better than the overhead absorption for 2018/2019 financial year at ₦289 million; and was also the highest absorption in 5 years when compared with the other years ranging from ₦164 million to ₦225 million.

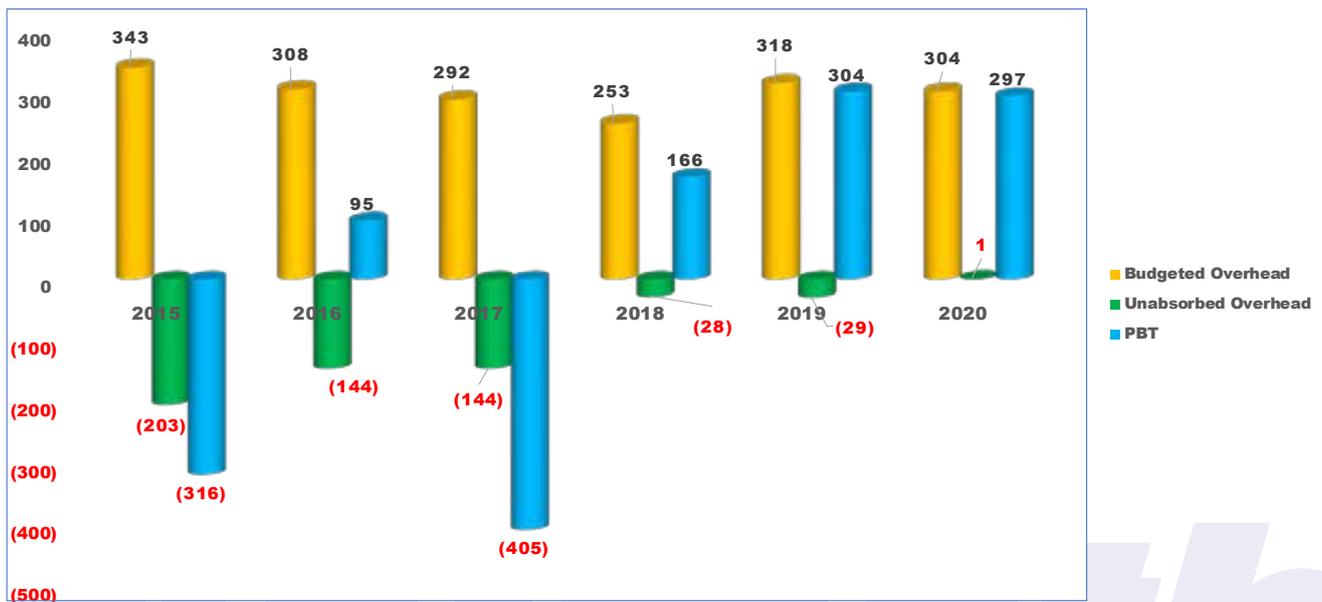


**Figure 4: Trend of PBT and Overhead Absorption in Millions of Nigerian Naira: 2016-2020**



Another way to review the impact of overhead absorption on profitability is to compare the level of unabsorbed overhead against the profit for a given period. Figure 5 shows a comparative evaluation of budgeted overhead, unabsorbed overhead and PBT for the 6-year period from 2015 to 2020.

**Figure 5: Evolution of Impact of Absorption of Budgeted Overhead on PBT in Millions of Nigerian Naira for 6-Year Period: 2015-2020**



It can be seen in figure 5 that the 3 years of 2015 to 2017 with the highest levels of unabsorbed overhead had the worst profit figures leading to very high losses in 2015 and 2017 while the 3 years of 2018 to 2020 with the least unabsorbed overhead recorded the highest PBT; though the unfortunate fire incident was part of what affected 2017.

However, the 2019/2020 financial year was the only year in the past 6 years that the entire budgeted overhead was absorbed with a positive variance of ₦1 million. This development helped to reduce the impact of the huge foreign exchange loss of ₦188 million caused by COVID-19, such that profitability remained good enough for the Company to pay dividend.

Generally speaking, our growth strategies showed commendable resilience and continued to gain traction. These were pointers to our general operating efficiency and indication that our medium-term strategies were in the right direction.

We shall continue on this growth trajectory and with our planned facility improvement we hope to accomplish more audacious goals in the current business year.

## **RISE IN NEIMETH SHARE PRICE**

Investors showed significant interest in Neimeth shares in the 2019/2020 financial year. This growing interest saw Neimeth share price rising from 40 kobo as at the beginning of the financial year to a height of ₦2.57 on June 11, 2020. The share price closed at ₦1.85 as at Wednesday September 30, 2020 being the end of the financial year; a gain of about 362.5% in 12 months. The Company's share continues to do well in the market, as it has since risen above ₦1.85.

## **OUR R&D AND NEW PRODUCTS**

Our Internal R&D activities include formulation of new products, re-formulation of existing products to enhance efficacy, creation of new therapeutic uses, increase in sales potentials and profitability as well as usage extensions.

Achievements in this area include the re-formulation of Minizide, our flagship anti-hypertensive drug for blacks, to give birth to our new product Miniplus and Norduet, another innovative anti-hypertensive combination product developed by Neimeth to enhance efficacy and reduce side effects. Our Internal R&D efforts earlier led to the launch or re-launch of 11 human products and 8 veterinary products.

At the onset of the Coronavirus Disease in Nigeria our Research & Development team swiftly moved in to develop our own brand of alcohol-based hand sanitizer in both gel and spray variants, Ncp Hand Sanitizer and Ncp Disinfectant Spray. The purpose was not only to take advantage of commercial opportunities in the market but also to use our capacity to produce more cost effective products to support Nigerians in view of the skyrocketing costs of sanitizers and proliferation of poor quality in the country.

## **STRATEGIC PLAN & CORPORATE VISION**

We have adopted a new corporate vision which is "To be the leading innovative healthcare provider out of Africa". We shall vigorously pursue this vision. Beginning from the current business year we have mapped out plans for our staff and stakeholders to internalise this vision with a seven point core values that will enable us live our new vision. We have commenced communication of the new vision and may invite you soon for its public unveiling.

The Board has approved a 5-year Strategic Plan and there are a lot of milestones that have been set out, to make us realise them.

## **MARKETING COMMUNICATION**

During the business year under review, we undertook a comprehensive look at our products. We decided to engage in more aggressive advertising and promotion of our products. Already we are working with reputable marketing communications companies to promote our key brands. The commercials for some of the campaigns are already running. We trust that you, our shareholders have seen and/or heard these adverts on television, radio, out of home (billboards and bus branding), social media and other channels. Your kind feedback on them is welcome to guide Management to improve on their impact in the market.

## CSR

Community is one of the core values of Neimeth which underscores her commitment to Corporate Social Responsibility (CSR). We have sustained our key social enterprise called FITGAH- Fight the good fight against hypertension. That is one of the programmes of Neimeth to enable people identify hypertension early in life by offering free hypertension screening and blood sugar test and treatment.

During this COVID-19 pandemic, we provided information to people in our community on personal hygiene and also donated our personal hygiene products to the Lagos State Ministry of Health. In a collaboration with the Federal Road Safety Corps (FRSC) we sponsored kiosks and various awareness materials to educate people especially motorists and commuters on the essence of personal hygiene and adherence to COVID-19 preventive protocols.

Neimeth also supports various organizations carrying out medical missions with donation of the Company's products; providing free medicines to people in various communities in Nigeria.

## THE FUTURE

The attraction of Neimeth is not so much in its current achievements but more in the opportunities ahead. As a Management we shall continue to drive the Company's goals through its corporate vision and strategic plans. Our passion is to move Neimeth from a Good to a Great Company.

## CONCLUSION

My heartfelt gratitude goes to all our customers for their faithfulness and for holding Neimeth as the name trusted in family medicines. We deeply appreciate our esteemed shareholders for unwavering confidence and continued interest in your Company. Thank you to our distinguished Directors for their support and leadership in putting the Company on track for outstanding performance and to all Neimeth Management and staff for their energy and talent in ensuring we delight all our stakeholders.

Most importantly we give all the glory to God Almighty for the progress we are making and for preserving all members of the Neimeth family during this period of COVID-19 pandemic.

Thank you.



**Pharm. Matthew O. AZOJI, FPSN, FPCPharm, M.IoD**  
Managing Director/CEO





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



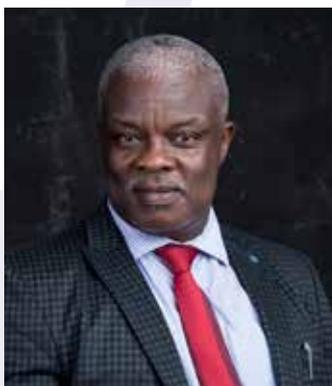
Mrs. Temitayo O. Nelson  
Executive Director - Finance



Mr. Isaac O. Igbanoi  
Director of Administration



Pharm. Matthew O. Azoji  
Managing Director / CEO



Mr. Adekunle A. Adebowale  
Plant Business Manager



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



Mr. Ijezie M. Emedosi  
Head of Legal

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**Neimeth International Pharmaceuticals Plc**

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

@Neimethplc

@Neimethplc

Neimeth International Pharmaceuticals Plc

**N**eimeth International Pharmaceuticals Plc is committed to conducting its business in line with best practices, and it is the intent of this report to show how the affairs of Neimeth have been directed and controlled by the Board and to outline the corporate governance approach of the Board and activities that took place during the 2019/2020 financial year.

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

The primary responsibility for ensuring good corporate governance in the Company lies with the Board, and it is committed to ensuring that the Company meets the highest standards of performance and governance in conducting its business. It is this commitment to high ethical conduct and best practices that has necessitated the practice of regularly reviewing our processes in order to align them with applicable laws, rules and regulations in Nigeria, in particular, the Companies and Allied Matters Act (CAMA) 2020, The Financial Reporting Council's Nigerian Code of Corporate Governance (NCCG), The Nigerian Securities and Exchange Commissions' Corporate Governance Guidelines (SCGG) and the rules of The Nigerian Stock Exchange.

## THE BOARD OF DIRECTORS

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

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

## BOARD COMPOSITION

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

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

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

## BOARD CHANGES

Since the last Annual General Meeting of the Company held on the 5<sup>th</sup> of March 2020, there have been no changes to the constitution of the Board. The Board however remains effective and ably responsible for providing the required strategic leadership.

The Company's Articles of Association provides that the Company's Board shall consist of not more than thirteen directors. In the course of the 2019/2020 financial year, the Board comprised of 11 Directors, 8 Non-Executive and 3 Executive Directors.

## ROTATION OF DIRECTORS

The Directors retiring from office by rotation, by virtue of the fact that they have been longest in office since their last election, and who will be eligible to seek re-election at the next AGM are:

Prof M. M. Iwu

Sir I. T. Onyechi

Mr. T. T. Osobu

## THE ROLE OF THE BOARD

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

Specific matters reserved for the Board or its Committees include:

- Composition of the Board and its Committees
- Approval of top executive appointments and top management succession plans
- Top management terms of employment
- The appropriation and distribution of profits
- Approval of strategic plans
- Monitoring of information on major risks and exposures and final decisions regarding those exposures
- Acquisitions, disposals, mergers and joint ventures
- Major capital, organizational or corporate changes
- Periodic and regular review of actual business performance relative to established objectives.
- Oversight of company operations
- Remuneration of Executive Directors
- Induction and training of new Directors
- Approval of Annual Report and Accounts
- Approval of Committee's Terms of Reference
- Review of Company's Corporate Governance arrangements

## SEPARATION OF THE POSITION OF CHAIRMAN AND MANAGING DIRECTOR

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

## BOARD APPOINTMENT PROCESS

The Board's appointment process is as follows:

- i. Analysis of the requirements of the position in the case of an Executive Director
- ii. Receipt of recommendations/nominations/applications by the Nomination Committee
- iii. Background check along with the screening of nominee's CV to ensure appropriate balance of skills, experience and knowledge
- iv. Evaluation of the candidates to be carried out through oral interview or other means (This evaluation and background check as mentioned above may be conducted by external consultants if considered appropriate)
- v. Shortlisted candidates to be reviewed by the Committee on a one-on-one basis

- vi. Recommendations of the Committee shall be made to the Board through the Chairman
- vii. A chat shall be conducted with the nominee(s) by the Chairman and other members of the Board if need be
- viii. Appointment of successful candidates shall be ratified at the meeting of the shareholders.
- ix. In the case of an Independent Director, the Board shall satisfy itself that the person proposed to be appointed fulfills the specified regulatory conditions and that the proposed Director is independent of the Management.
- x. Where there is disagreement among the interview panelists as to the success of a candidate, the majority view shall prevail.
- xi. The appointment of a Director shall be formalized through a letter of appointment.

## BOARD PERFORMANCE EVALUATION

The Board is committed to a formal evaluation process to assess the composition, adequacy and performance of the Board, its Committees and individual Directors. The purpose of the evaluation is to ensure the Board, its Committees, and individual Directors are effective and productive and to identify opportunities for improvement.

In carrying out the evaluation process, every member is expected to complete a detailed questionnaire and participate in a one-on-one oral interview session upon completion of the questionnaires. The outcomes are put together and summarized for discussion purposes. Individual responses are kept confidential to ensure receipt of honest and candid feedback.

The effectiveness of the Committees of the Board is also reviewed and assessed as part of the evaluation exercise and relevant changes to Committee composition and strength are made where need be, to ensure the Committees are supporting the Board effectively. For the year under review, the Company engaged the services of external consultants to evaluate the performance of the Board.

## BOARD TRAINING

The Board is committed to evolving a continuing education programme to ensure existing Directors are up-to-date with the Company's business and objectives as well as relevant industry information and other external information such as corporate governance requirements and best practices. The Board Corporate Governance and Compliance Committee is responsible for making recommendation of training schedules and topics to the Board. In the year under review, the Board was trained on salient issues relevant for its enhanced effectiveness.

## RISK MANAGEMENT POLICIES AND PRACTICES

The Risk/Health/Quality Assurance Committee and the Finance & Budget/Internal Audit Committee of the Board are charged with the responsibility of reviewing the adequacy and effectiveness of risk management and controls, overseeing Management processes for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms, ensuring periodic review of changes in the economic and business environment, including emerging trends, and other factors relevant to the Company's risk profile, as well as reviewing and recommending for the approval of the Board, risk management procedures and controls for new products and services. Management provided assurances to the Board during the year under review that the risk management and control systems in the Company are operating efficiently and effectively. These assurances are examined critically by the relevant Committees at their quarterly meetings and its findings are reported to the Board on a quarterly basis.

In the light of the COVID-19 pandemic that ravaged the world in 2020, an in-house Committee was set up to monitor compliance with the Company's COVID-19 Policy to guard against the attendant risk to the safety of all staff and visitors.



## CODE OF BUSINESS ETHICS

At Neimeth, it is believed that success at the expense of the Company's reputation will be short-lived, thus a Code of Ethics and Professional Conduct has been adopted to establish a public image of good behaviour. The Code is intended as a guide in making the right decisions and sets out the principles that affect decision making, as well as expected standards of behaviour and ethical responsibilities of the Employees, Management and Directors of Neimeth International Pharmaceuticals Plc. and will help to serve as a guide on conduct suitable for representatives of the Company. This Code addresses responsibilities to the Company, staff, customers, suppliers, consumers and the government, and is designed to ensure consistency in how employees conduct themselves within the Company and in their dealings outside of the Company.

The Code deals with a wide range of topics such as Fair Employment Practices, Anti Bribery and Improper Payments, Money Laundering & Financing of Terrorism, Intellectual Property, Quality, Privacy, Conflict of Interest and Ethical Standards for Directors of the Board.

## RECORD OF DIRECTORS' ATTENDANCE

In accordance with Section 284(2) of the Companies and Allied Matters Act 2020, the record of Directors' attendance at board meetings during the year is available for inspection at the Annual General Meeting. The meetings of the Board were presided over by the Chairman. Written notices of board meetings were circulated along with relevant board papers, and minutes of meetings were appropriately recorded by the Company Secretariat team.

## BOARD MEETINGS

The Board met at least once every quarter as scheduled. However, it met a total of six times within the year under review. Meeting dates and attendance of each Director is reflected below.

S/No	Membership	Status	Meetings						Total No. attended
			28 <sup>th</sup> Oct. 2019	4 <sup>th</sup> Dec. 2019	29 <sup>th</sup> Jan. 2020	26 <sup>th</sup> Mar. 2020	29 <sup>th</sup> April 2020	29 <sup>th</sup> July 2020	
1.	Dr. A.B.C. Orjiako	Non-Executive Director/ Chairman	✓	✓	✓	✓	✓	✓	6
2.	Pharm. M. O. Azoji	Executive Director/ MD/CEO	✓	✓	✓	✓	✓	✓	6
3.	Mazi S. I. Ohuabunwa	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
4.	Prof. M. M. Iwu	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
5.	Engr. G. E. Omene	Non-Executive Director	✓	X	✓	X	✓	✓	4
6.	Prof. E. N Sokomba	Non-Executive Director	✓	✓	✓	X	✓	✓	5
7.	Mr. T. T. Osobu	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
8.	Sir I. T. Onyechi	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
9.	Mrs. R. A. Oputa	Executive Director	✓	✓	✓	✓	✓	✓	6
10.	Mrs. B. O. Odunewu	Independent Non-Executive Director	✓	✓	X	✓	✓	✓	5
11.	Mrs. T. O. Nelson	Executive Director	✓	✓	✓	✓	✓	✓	6

## BOARD COMMITTEES

The Board has 5 standing committees through which its duties and responsibilities are undertaken, as spelt out in each committee's terms of reference. Committees are free to seek independent professional advice at the expense of the Company, subject to the approval of the Board.

### Finance & Budget/Internal Audit Committee

The Committee is a four-man committee. Only Non-Executive Directors are members of the committee. However, its meetings are attended by relevant members of the senior management of the Company, inclusive of the Executive Director Finance and the MD/CEO.

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

Financial sustainability;

Feasibility and suitability of strategic financial decisions;

Periodic corporate financial health checks;

Operating, capital budgets and business planning;

Review of quarterly unaudited financial statements and annual audited financial statements reports

Capital expenditure (CAPEX) requirements including freehold/leasehold properties, plant and equipment; control of fixed asset and stock;

Corporate financing, treasury management, banking relations, corporate account signatories' designation borrowing and investments requirements;

Contracts, agreements, commercial arrangements and financial risk management oversight.

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

S/No.	Membership	Status	Meetings				Total No. Attended
			17 <sup>th</sup> Oct. 2020	23 <sup>rd</sup> Jan. 2020	23 <sup>rd</sup> April 2020	22 <sup>nd</sup> July 2020	
1.	Mrs B. O. Odunewu	Chairman	✓	X	✓	✓	3
2.	Engr. G. E. Omene	Member	✓	✓	✓	✓	4
3.	Sir. I. T. Onyechi	Member	✓	✓	✓	✓	4
4.	Mr. T. T. Osobu	Member	✓	✓	✓	✓	4

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

### Establishment/Remuneration Committee

During the financial year under review, the Committee was made up of three members, all of which were Non-Executive Directors.

The Terms of Reference of the Committee include:

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

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

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

S/No.	Membership	Status	Meetings				Total No. Attended
			21 <sup>st</sup> Oct. 2019	17 <sup>th</sup> Jan. 2020	24 <sup>th</sup> April. 2020	23 <sup>rd</sup> July 2020	
1	Mazi S. I. Ohuabunwa	Chairman	✓	✓	✓	✓	4
2	Mr. T. T. Osobu	Member	✓	✓	✓	✓	4
3	Engr. G. E. Omene	Member	x	✓	✓	✓	3

### Innovation/Strategy Committee

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

The Terms of Reference of the Committee are broadly divided into:

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

The Committee is made up of four Non-Executive Directors, and they met four times during the 2019/2020 financial year. Meeting dates and attendance of each Director are reflected below.

S/No.	Membership	Status	Meetings				Total No. Attended
			30 <sup>th</sup> Oct. 2019	28 <sup>th</sup> Jan. 2020	27 <sup>th</sup> April 2020	27 <sup>th</sup> July 2020	
1	Prof. M. M. Iwu	Chairman	✓	✓	✓	✓	4
2	Mazi S.I. Ohuabunwa	Member	✓	✓	✓	✓	4
3	Mr. T. T. Osobu	Member	✓	✓	✓	✓	4
4	Sir I. T Onyechi	Member	✓	✓	✓	✓	4

### Corporate Governance and Compliance Committee

The Committee during the year under review was made up of four Directors, all of which were Non-Executive Directors. The Committee is responsible for monitoring, reviewing and enhancing the Corporate Governance practices of the Company.

The Terms of Reference of the Committee include:

- To address all corporate governance issues to ensure compliance;
- To review the corporate governance practices of the Company and ensure that they are up to date and in compliance with relevant regulatory and legal provisions and best practices;

- To establish the criteria for board and board committee memberships, review candidates qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board;
- To prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- To periodically evaluate the skills, knowledge and experience required on the Board;
- To make recommendations on experience required by Board committee members, committee appointments and removal, operating structure, reporting and other committee operational matters;
- To review and make recommendations to the Board for approval of the company's organizational structure and any proposed amendments;
- To ensure that the Board conducts a board evaluation on an annual basis; and
- To make recommendations to the Board on any changes as necessary to the corporate governance practices of the Company.

The Committee met four times during the year under review. Meeting dates and attendance of each member are reflected below.

S/No	Membership	Status	Meetings				Total No. Attended
			17 <sup>th</sup> Oct. 2019	23 <sup>rd</sup> Jan. 2020	22 <sup>nd</sup> April 2020	16 <sup>th</sup> July 2020	
1	Mr. T. T. Osobu	Chairman	✓	✓	✓	✓	4
2	Mrs. B.O. Odunewu	Member	✓	✓	✓	✓	4
3	Mr. M. M. Iwu	Member	✓	✓	✓	✓	4
4	Prof. E. N. Sokomba	Member	✓	✓	✓	✓	4

### Risk/Health/Quality Assurance Committee

This Committee was constituted of six Directors during the year under review, five Non-Executive Directors and one Executive Director. However, its meetings were attended by relevant members of the Senior Management of the Company. The Committee is responsible for assisting in the oversight of the risk profile, risk management framework and the risk reward strategy determined by the Board.

The Terms of Reference of the Committee include to:

- Review and approve the Company's risk management policy, including risk appetite and risk strategy;
- Oversee the establishment of management framework that defines the company's risk policy;
- Ensure risk management is integrated into the day-to-day operations of the business and provide guidelines and standards for administering the acceptance and on-going management of the risk;
- Undertake at least annually a thorough risk assessment covering all aspects of the Company's business;
- Obtain and review periodical relevant reports to ensure on-going effectiveness of the Company's risk management framework;
- Ensure the Company's risk management policies are disclosed in the annual report;
- Review the adequacy and effectiveness of risk management and controls;
- Oversee management processes for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Ensure periodic review of changes in the economic and business environment, including emerging trends and

other factors relevant to the Company's risk profile;

- Review and recommend for the approval of the Board, risk management procedures and controls for new products and services;
- Review Neimeth's level of compliance with applicable laws and regulatory requirements including those that may impact Neimeth's risk profile;
- Receive reports from, review with, and provide feedback to, senior management on the categories of risk that Neimeth faces, including credit, market and operational, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and management's views on the acceptable and appropriate levels of those risk exposures;
- Review Neimeth's credit, market, liquidity and operational risk management frameworks, including significant policies, processes and systems that senior management use to manage risk exposures, as well as risk measurement methodologies;
- Review procedures and controls for any new business acquired or developed by Neimeth;
- Receive Information from the Executive Directors, Internal Control Unit, Company Secretary, other members of Senior Management, Neimeth's Independent External Auditors, Regulators and External Consultants as appropriate, regarding matters relating to risk management;
- Exercise oversight over the process for the identification and assessment of risks across the Company, and the adequacy of prevention, detection and reporting mechanisms;
- Review the adequacy and frequency of risk reporting to the Board;
- Review the companies policies and procedures for detecting fraud and prevention of bribery, including review of the Company's whistleblowing policy and procedures;
- Evaluate the effectiveness of Neimeth's policies and systems for identifying and managing environmental, health and safety risks within its operations;
- Assess the policies and systems within Neimeth for ensuring compliance with environmental, health and safety regulatory requirements etc.;
- Evaluate the effectiveness of Neimeth's policies and systems for identifying and managing quality assurance risks within its operations;
- Assess the policies and systems within Neimeth for ensuring compliance with quality assurance regulatory requirements etc.;

The Committee met four times during the year under review. Meeting dates and attendance of each Director are reflected below.

S/No.	Membership	Status	Meetings				Total No. Attended
			22nd Oct. 2019	17th Jan. 2020	23rd April 2020	16th July 2020	
1	Sir I. T. Onyechi	Chairman	✓	✓	✓	✓	4
2	Mrs. B.O. Odunewu	Member	✓	X	✓	✓	3
3	Mazi S. I. Ohuabunwa	Member	✓	✓	✓	✓	4
4	Prof E. N. Sokomba	Member	✓	X	✓	✓	3
5	Sir G. E. Omene	Member	X	✓	✓	X	2
6	Mrs T. O. Nelson	Member	N/A	N/A	✓	✓	2

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

## Amawbia Project Committee

This is an ad-hoc committee of the Board, set up for the special purpose of advising on and overseeing the construction of a new cGMP compliant manufacturing plant for NCP liquid antiseptic and oral liquid line in Amawbia, Anambra State.

The Committee is made up of Non-Executive Directors. Meeting dates and attendance of each Director are reflected below.

S/No.	Membership	Status	Meetings							Total No. Attended
			25 <sup>TH</sup> Oct. 2019	27 <sup>th</sup> Jan. 2020	24 <sup>th</sup> April 2020	8 <sup>th</sup> May 2020	17 <sup>th</sup> July 2020	28 <sup>th</sup> July 2020	8 <sup>th</sup> Sept. 2020	
1	Sir I. T. Onyechi	Chairman	✓	✓	✓	✓	✓	✓	✓	7
2	Mazi S.I. Ohuabunwa	Member	✓	✓	✓	✓	✓	✓	✓	7
3	Mr. T. T. Osobu	Member	X	X	✓	✓	✓	✓	✓	5
4	Mrs. B. O. Odunewu	Member	✓	X	✓	✓	✓	✓	✓	6

## Statutory Audit Committee

The Statutory Audit Committee comprised six members, three shareholders representatives and three Board representatives during the year under review. In accordance with section 359(4) of the Companies and Allied Matters Act Cap C20, 2004 (now Section 404(3) of the Companies and Allied Matters Act 2020), 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 2021 Annual General Meeting (AGM). At the last AGM, Mazi S. I. Ohuabunwa replaced Engineer G. E. Omene on the Committee.

### Members of the Committee with meetings attended

S/No	Membership	Status	Meetings						Total No. Attended
			23rd Oct. 2019	26 <sup>th</sup> Sept. 2020	30 <sup>th</sup> Jan. 2020	29th June 2020	21st July 2020	25th Sept. 2020	
1	Dr. M. O. Ojinka	Chairman/S.Rep	✓	✓	✓	✓	✓	✓	6
2	Aare K. A. Danjuma	S/holders Rep.	✓	✓	✓	✓	✓	✓	6
3	Alhaji M. I. Jinadu	S/holders Rep.	✓	✓	✓	✓	✓	✓	6
4	Sir I.T. Onyechi	Director	✓	✓	✓	✓	✓	✓	6
5	Mr. T. T. Osobu	Director	✓	✓	✓	✓	✓	✓	6
6	Mazi S. I. Ohuabunwa	Director	N/A	N/A	N/A	✓	✓	✓	3
7	Engr. G. E. Omene	Director	✓	X	✓	N/A	N/A	N/A	2

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

The functions of the Committee are provided in section 404(7) of the Companies and Allied Matters Act 2020.

## DISCLOSURE OF AGE

Engineer Godwin E. Omene, in compliance with S. 278 (1) of the Companies and Allied Matters Act 2020, hereby discloses to the members of the Company that he is over 70 years of age.

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

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

Mazi Samuel I. Ohuabunwa and Prof. Maurice M. Iwu hereby disclose that they have attained 70 years of age.

## UNCLAIMED DIVIDEND

Total unclaimed dividend fund in the Company stood at approximately ₦27,516,110.78 as at 30 September 2020. Shareholders are strongly advised to contact the Company Registrar or the Company Secretary to retrieve their unclaimed dividends.

## RELATIONS WITH SHAREHOLDERS

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

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company is committed to absolute compliance with the Nigerian Code of Corporate Governance (NCCG/ the Code) and the SEC Corporate Governance Guidelines (SCGG), and under the leadership of the Board, it ensures that the Company's business and practices are guided by the Code, all relevant rules and regulations and best practices. However, compliance is a continuum and by virtue of the annual NCCG Report and the SCGG Report (Revised Form 01) submitted to the Financial Reporting Council and relevant Regulators, the progress of the Company in complying with the provisions of the Code is monitored. These reports are available on the Issuer's Portal of The Nigerian Stock Exchange and the Company's website.

The Board remains committed to improving on the Company's compliance level with the Code and SCGG, until a position of total compliance is attained.

## CORPORATE GOVERNANCE RATING

Neimeth has made a lot of progress in complying with Corporate Governance principles, thus its certification as a Corporate Governance Rated Company through the Corporate Governance Rated System (CGRS) of the Convention on Business Integrity (CBI) in conjunction with The Nigerian Stock Exchange.



## SECURITIES TRADING POLICY

In accordance with Rule 14.1 of the Amendments to the Nigerian Stock Exchange (NSE) 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 and are mandated in appropriate cases to notify and obtain relevant consent to deal in the Company's securities. The Company Secretary regularly issues Closed Period Notifications to Directors and other relevant persons.

This policy is available on the Company's website ([www.neimethplc.com.ng](http://www.neimethplc.com.ng)).

## 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 16<sup>th</sup> February, 2015 and the Nigerian Stock Exchange Directive (NSE Directive) (NSE/LARD/LRD/CIR6/15/04/22), every listed company is required to establish a clearly defined Complaints Management Policy to handle and resolve complaints within the scope of the Framework.

It is pursuant to the above mentioned SEC Rule and NSE Directive that Neimeth International Pharmaceuticals Plc. has formulated a Complaint's Management Policy.

This Policy is designed to effectively and efficiently handle and resolve complaints in a fair, impartial, timely and objective manner.

All Complaints shall be addressed to:

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

This Policy is available on the Company's website ([www.neimethplc.com.ng](http://www.neimethplc.com.ng)).

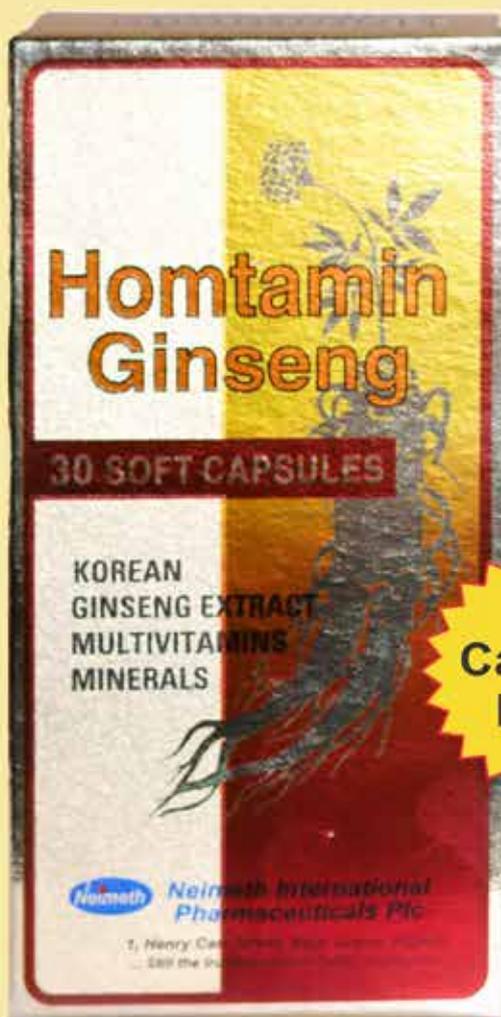


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 Neimeth International Pharmaceuticals Plc

**N**eimeth International Pharmaceuticals Plc, formerly known as Pfizer Products Plc was established in 1957. It is a resultant Company of 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 re-positioning strategy, divested its equity in Pfizer Products Plc in favour of the existing management.

Prior to the name change, Pfizer had operated in Nigeria for 40 years, manufacturing, marketing, and distributing Pfizer brands of pharmaceutical and veterinary products in tablets, capsules, ointment/cream, powder, injectable 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.

## VISION STATEMENT

To be the leading innovative healthcare provider out of Africa

## MISSION STATEMENT

To promote healthy confident living

## CORE VALUES

- Customer Delight
- Innovation
- Integrity
- God Consciousness
- Leadership
- Community
- Teamwork

## MARKETS, PRODUCTS & DISTRIBUTION

### THE NIGERIAN PHARMACEUTICAL MARKET

Pharmaceutical companies in Nigeria are operating in a space characterized by some of the following: Infrastructural decay, unfavourable government policies, poor marketing and administrative structure, low-capacity utilization, spiraling cost of business as a result of the high cost of inputs, lack of effective research and development and others. However, despite all the issues, Pharmaceutical companies in Nigeria are vibrant, with over 115 registered pharmaceutical manufacturers which in addition to providing dependable high-quality pharmaceutical products to medical professionals and patients in various communities in Nigeria and West Africa, have also contributed immensely to the economic growth of the nation. Prior to the inception of drug manufacturing in the 1960s, pharmaceutical companies in Nigeria were based on large-scale importation of pharmaceuticals. Presently, some of these companies manufacture various pharmaceutical dosage forms that cut across various therapeutic classes such as analgesics, anti-malarial, antibiotics, anti-retrovirals, antacids, haematinics, vitamins and minerals, cough and cold remedies, anti-diarrhoeal, antihistamines anti-ulcer, antihypertensive, antidiabetics etc. These products are widely and readily available in registered hospitals, pharmacies and distribution outlets nationwide

Nigeria remains Africa's largest economy, most highly populated country and biggest consumer market, especially for pharma.



## THE PHARMACEUTICAL MARKETING TERRAIN IN THE YEAR 2020

It has been reported that approximately 70% of pharmaceutical products in Nigeria are imported into the country with low production rates and heavy reliance on the Asian countries particularly China and India, for the importation of pharmaceutical raw materials, semi-finished or finished products. Few Nigerian Pharmaceutical companies are engaged in manufacturing, importation of raw materials for manufacturing or semi-finished products while most others import finished products. The year 2020 was a very peculiar one for the pharmaceutical landscape globally with the advent of COVID-19 which was termed a pandemic by the WHO and brought total lock down of activities within the country and other international communities for a larger part of the year. This affected the country's economy as a whole. Sourcing of raw materials and pharmaceutical products became a challenge as travel bans, shutting of borders as well as shutting down of manufacturing plants in International markets made it difficult to access pharmaceutical raw materials/finished products which in turn shot up prices for those that were available in limited quantities. However, there have been several interventions by the Nigerian government in reducing the negative impact of the Pandemic on the Nigerian Pharmaceutical manufacturers. This was achieved by launching an Economic Sustainability Plan, (ESP) a recovering plan aimed at limiting the health and socio-economic impacts of the Coronavirus pandemic done through a special intervention fund and also into an existing world bank facility to support COVID-19 interventions in the country. The ESP was focused on increasing investment in Healthcare Research & Development for domestic and international points with a view to achieving an increased production in healthcare. Furthermore, the Central Bank of Nigeria launched the Healthcare Intervention Fund to provide NGN100bn (USD263mn) credit to functional health enterprises at low-interest rates which several Nigerian indigenous pharmaceutical companies benefited from. Neimeth International Pharmaceutical Plc was also a beneficiary. The ESP provided incentives to increase R & D in healthcare and local pharmaceutical production, improving the supply chain which had significant disruptions due to the Pandemic. It is expected that the GDP will begin to experience a slow recovery in 2021 which will be largely driven by an increase in private consumption and investments with an expansion from 3.5% to 5.8% in 2021. With a rise in consumer confidence caused by improving labour market conditions and previously declining COVID-19 infections there will be a decrease in cost of production materials if there are no further lock down restrictions by government. However the second wave of the pandemic sweeping across North America, Europe and other parts of the world, of which Nigeria is not exempted, is making people to have a rethink on the positive outlook painted here.

## NEIMETH MARKETS AND PRODUCTS

### SALES DEPARTMENT

Neimeth Sales and Marketing business covers both Human pharmaceutical and Veterinary markets. In order for Neimeth to remain competitive in a very dynamic market such as Nigeria, it has set operational objectives and desired business growth. The business structure which came into existence in October 2019 for the purpose of expansion remained focused on the exploration of new business opportunities to withstand the rapid growing competition in the Pharmaceutical market space. The structure still provides four (4) basic Business Units which are (1) Ethical Business Unit (2) Health Care Business Unit (3) Personal Care Business Unit and (4) Veterinary Business Unit, all structured into territorial markets for ease of management and control. Each of these business units are controlled independently by Heads of Business who are expected to run as individual entities charged with the responsibility of their Profit and Loss accounts and making up the whole Neimeth Sales business group.

An explicit breakdown of the business units is reflected as follows:

**(i) Ethical Business Unit:** This Business Unit is expected to focus on Prescription only medicines (POM) segment of the Nigerian Pharmaceutical Market. Products in this Business segment requires prescription from a healthcare practitioner for the final user to gain access to their medication. This therefore requires adequate demand generation through various marketing activities engaged in by the field force in this business unit directed towards health care practitioners. Products in this category cannot be freely advertised in the open and lay media but only in select Medical and Pharmaceutical journals/ magazines. Due to its limited advertising, focus is on one- on- one contact with the target audience who are usually the brand influencers prescribing for final users. These ethical brands include our flagship home grown product CIKLAVIT for the management of sickle cell disorder. In addition, products such as Normoretic, Flexodene, Tiocosid, Amlovar and others. which are branded generics are part of the portfolio.

**(ii.) Healthcare Business Unit:** This Business unit is focused on Pharmaceutical products that can be sold off from the shelf without prescription. These products are referred to as the Over the Counter (OTC) Medicines. Products in this business category can be easily advertised in open media such as Television, Radio, Billboards. While field force marketing activities for this business category can also be done through professional medium of demand generation such as Clinical meetings, Doctor and Pharmacy calls and others. Due to expanded advertising methods, Healthcare business targets Prescribers, Brand influencers as well as final consumers. Products sold under this business group include high volume products like Pyrantrin range, Obron- 6, and Homtamin G. This business unit grew by 79% in 2019/2020 financial year over the 2018/2019 financial year. A major contributing factor to this growth is the Pyrantrin brand which grew by 62% in 2019/20 over the previous year making it a potentially multi-billion naira brand.

**(iii) Personal Care Business Unit:** This Business unit is focused on products that have expanded use beyond pharmaceutical which includes personal hygiene and health promotion. Most products in this business Segment can be sold in Pharmacies, Supermarkets and Patent Medicine Stores. This gives opportunity for products to penetrate deeply into nooks and crannies of the market environment. Products in this Business unit comprises high volume drivers like NCP, our unique and user friendly brand of Antiseptic and Disinfectant with diverse usage profile. The personal Care Unit represents a growth arm for the company in consideration of our quest for expansion of our products portfolio and reintroduction of some other products. Other well-known brands like Sportgesic, and Pancemol our very effective brand of Paracetamol are potential volume drivers in this Business unit. This business unit achieved a growth of 29% in 2019/2020 over the previous financial year with the introduction of new product lines in response to the COVID-19 pandemic in the country. NCP disinfectant Spray and NCP sanitizers were introduced in the 2019/2020 financial year as brand extensions.

**(iv) 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 brands of poultry and large animal range of anthelmintics, as well as egg 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 a few years. Growth experienced in this business was highly significant at 309% in 2019/2020 over the previous year.

## MARKETING DEPARTMENT

Marketing Department gives various demand and awareness support to the Business units in achieving their sales goal. The Marketing department is led by the Head of marketing with Product/Marketing managers focusing on products under the various SBUs. Moving from a Sales to a Marketing led organization is a key driver to sustaining the new business model. Marketing focuses on the key initiatives both at the corporate level and at the product / brand management level.

Marketing department in line with management expectations aligns her plans to that of the Company's objectives which includes, increasing revenue generation, improving ROI at low cost, development of company's own brand, increasing company overall product portfolio and deepening market penetrations by opening up new channels. In so doing, two strategic elements are required which are Corporate Marketing and Product Branding which were established through the course of the year. The corporate marketing helps to build strong corporate and brand equity for the company through some corporate social responsibility engagement with key stakeholders.

All Neimeth Pharmaceutical Product portfolios are placed under categories which are managed directly by product/marketing managers. This provides an opportunity for all products to receive adequate attention for the purpose of business growth through product development, product portfolio expansion etc. The marketing department provides knowledge-based support to the sales team across business units by providing strategic directions for product demand generation and sales. Some of these include, developing brand plans, developing content for clinical meetings, marketing materials and other related knowledge based supports to aid sales.

Various aspects of the products were considered for proper positioning, demand generation, advertisement and promotions. Certain major tools such as marketing research, demand generation, advertising & promotional campaign tools and business development tools were deployed in meeting up with the objectives for the year.

Major milestones achieved through marketing were as follows:

**1. Sales Conference and Plan of Action (POA) meeting**

Marketing organized a successful sales conference for all the field force in January 2020. The 2020 Sales Conference tagged ‘Reaching the Mark’ was held for 7days from 5th of January 2020 and closed with a POA on the 11th of January 2020. The aim and objective was to train, equip the field force and plan budget actualization for the year.

**2. Customers Forum:**

A Customers’ forum was held with our Key Distributors in Lagos to get their commitment towards delivery of the year’s budget.

**3. Unveiling of Pyrantin Brand ambassador and flag off of ‘Stay worm free Stay Healthy’ deworming campaign.**

Neimeth Int’l Pharmaceuticals Plc unveiled Woli Arole as a Pyrantrin Ambassador on 3rd March 2020 with the major Theme “Pyrantirin - Stay Worm Free, Stay Healthy”

**4. Integrated Mass Media Campaign**

This involved several Integrated Mass media campaigns through traditional media channels i.e., Television, Radio and Out of Home (Billboards& BRT) advert exposures for key company’s brands.



## 5. Digital Media Campaign

Commissioning of digital media campaign to focus on 7 key brands and revitalization of the company website. There was a heavy presence of Neimeth brands on all social media platforms. Brands marketed through social media platform are Pyrantrin, NCP, Obron 6, Homtamin, Hemafolin, Nimartem and Pancemol.



## 6. Neimeth partnership with FRSC on Enlightenment Kiosks

In a bid to create more awareness about the spread and prevention of COVID-19 in Ogun and Lagos States, Neimeth International Pharmaceuticals Plc donated 20 kiosks and flyers to the Federal Road Safety Corps (FRSC) RS2HQ, Lagos. The enlightenment kiosks and flyers served as crucial campaign materials to improve the quality of life of citizens in this era of COVID-19 pandemic in the country.

## 7. NCP Donation to Ministry of Health, Lagos

Neimeth PLC partnered with the Lagos State Ministry of Health to combat the spread of Coronavirus in Nigeria by donating bottles of NCP Liquid Antiseptic, our disinfectant that protects against germs. We were received and appreciated by the then Director of Pharmaceutical Services, Dr. Moyosore Adejumo (on behalf of Commissioner of Health). This took place on Friday, March 13, 2020.

## 8. E-Webinars

The Company introduced and organized several E- Webinars and E-clinical meetings with massive success rates. This is in line with the new normal in a bid to sustain demand generation in the midst of the pandemic while adhering with the COVID-19 protocol guidelines.

## 9. New Product Introduction

In response to the pandemic caused by the COVID-19 epidemic, new products in the NCP range were introduced. This included NCP Sanitizers of varied pack sizes targeted at hand sanitization as well as NCP disinfectant spray for surface sanitization and environmental hygiene. Some other new products are expected to be launched by the second quarter which include the NCP antiseptic soap range, Pancemol night, Pancemol Caplet and extra and some other brand extensions.

## ETHICAL BUSINESS UNIT PRODUCTS

S/N	PRODUCTS	NAFDAC NO.	ACTIVE INGREDIENTS	THERAPEUTIC SEGMENT/ INDICATION
1	Amlovar Tablet 10mg	A4-0333	Amlodipine 10mg	Anti-Hypertensive
2	Amlovar Tablet 5mg	A4-0332	Amlodipine 5mg	Anti-Hypertensive
3	Ciklavit 200ml	04-2506L	Cajanus Cajan	Nutritional Supplement
4	Co-Amoxiclav 1g Tabs	B4-2496	Amoxicillin + Clavulanic Acid	Antibiotics
5	Co-Amoxiclav 228.5mg Susp	B4-2498	Amoxicillin + Clavulanic Acid	Antibiotics
6	Co-Amoxiclav 625mg Tabs	B4-2497	Amoxicillin + Clavulanic Acid	Antibiotics
7	Flexodene 20mg Capsules	O4-8470	Piroxicam 20mg	Relief of pain and inflammation
8	Flucosyd Capsules 50mg X 3	A4-0333	Fluconazole 50mg	Candidiasis
9	Miniplus Tablets X 60	O4-7955	Prazosin/Hydrochlorothiazide	Anti-hypertensive
10	Necotrim Suspension X 60ml	O4-2377	Co-trimoxazole 240mg/5ml	Anti-bacterial
11	Necotrim tablets	O4-2117	Co-trimoxazole 480mg	Anti-bacterial
12	Norduet 5/12.5mg Tabs	B4- 1744	Amlodipine Besylate 5mg/ Hydrochlorothiazide	Anti-hypertensive
13	Norduet 7.5/12.5mg	B4- 1745	Amlodipine Besylate 5mg/ Hydrochlorothiazide	Anti-hypertensive
14	Normoretic Tablets	O4-3817	Amiloride Hydrochlorothiazide	Anti-hypertensive/Diuretic
15	Osinex Syrup X 100ml	O4-0085	Chloropheneramine, Phenylephrine, Dextrometorphan, Glycerlguiacolether	Anti-tussive
16	Tronid Suspension X 60ml	O4-7729	Metronidazole 200mg/5ml	Anti-protozoal
17	Tronid tablet	O4-7784	Metronidazole 200mg	Anti-protozoal
18	Gyno-Tiocosid Vaginal Tabs X 3	A4-0705	Tioconazole 100mg	Vaginal Candidiasis
19	Tiocosid 1% Dermal Cream 20g		Tioconazole	Antifungal
20	Unaben Suspension 10ml	O4-9938	Albendazole 200mg	Anthelmintics

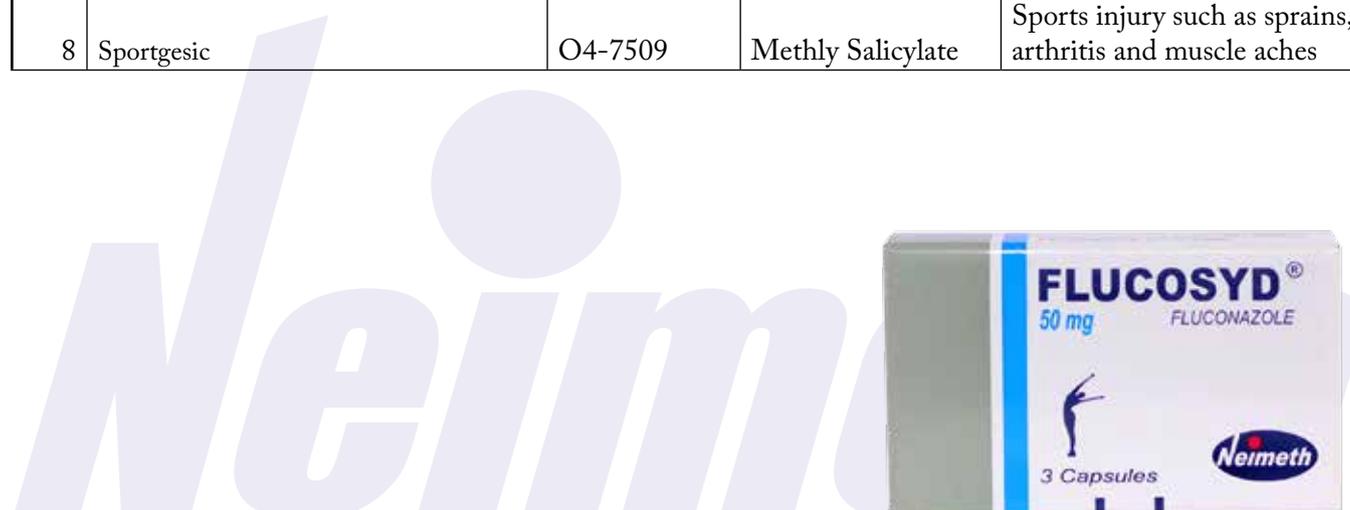
## HEALTHCARE BUSINESS UNIT PRODUCTS

S/N	PRODUCTS	NAFDAC NO.	ACTIVE INGREDIENTS	THERAPEUTIC SEGMENT/ INDICATION
1	Obron 6 Caps	O4-1748	Multivitamin/Iron/ Minerals	Pregnancy and Lactation
2	Pyrantrin Suspension 250mg/ 15ml	O4-7510	Pyrantel Pamoate	Anthelmintic
3	Pyrantrin Tablets 125mg X 6 X 25	O4-7511	Pyrantel Pamoate	Anthelmintic
4	Antimal Tablets	O4-1951	Sulphadoxine/ Pyrimethamine	Anti-malarial (Intermittent Preventive Therapy in Pregnancy)

5	Nimartem Tablets X 24	A4-3524	Artemether Lumefantrine 20/120mg	Anti-malarial
6	Nimartem Qs Tablets	B4-3215	Artemether Lumefantrine 80/480mg	Anti-malarial
7	Hemafolin Caps	A4-2022	Multivitamin /Iron	Haematinic
8	Hemafolin Tonic	A4-4548	Multivitamin /Iron	Haematinic
9	Homtamin Gen Capsules	O4-2555	Multivitamin Ginseng extract/aloe vera extract	Multivitamin/Stress Management/Enhance immunity
10	Neimelyn Cough Syrup	A4-0503	Diphenhydramine	Cough and Cold

## PERSONAL CARE BUSINESS UNIT PRODUCTS

S/N	PRODUCTS	NAFDAC NO.	ACTIVE INGREDIENTS	THERAPEUTIC SEGMENT/ INDICATION
1	NCP Liquid 25ml,50ml,100ml,200ml	O4-8475	Halogenated Phenols	Antiseptic/ Disinfectant
2	NCP Sanitizer 35ml, 110ml, 500ml, 4litres, 25litres	03-8020	Ethyl Alcohol, Isopropyl alcohol	Hand Sanitizer
3	NCP Disinfectant Spray (Classic)	03-7447	Ethyl Alcohol, Isopropyl alcohol, halogenated phenols	Disinfectant Spray
4	NCP Disinfectant spray (Pearl)	03-7463	Ethyl Alcohol, Isopropyl alcohol, halogenated phenols	Disinfectant Spray
5	NCP Disinfectant Spray (Blossom)	03-7464	Ethyl alcohol, Isopropyl alcohol halogenated phenols	Disinfectant Spray
6	Pancemol Syrup	O4-2115	Paracetamol 125mg /5ml	Pain and Fever
7	Pancemol Tablets	O4-2116	Paracetamol 500mg	Pain and Fever
8	Sportgesic	O4-7509	Methly Salicylate	Anti-rheumatic rub for Sports injury such as sprains, arthritis and muscle aches



## VETERINARY BUSINESS UNIT PRODUCTS

S/N	PRODUCTS	NAFDAC NO.	ACTIVE INGREDIENT	STRENGTH	INDICATION	ANIMAL SPECIES
1	Maluminth tab	04-4870	Morantel Citrate	300mg	Ascaris/nodular worms in sheep, goat and cattle.	Swine, goat and sheep
2	Neimycin-soluble Powder	04-4874	Oxytetracycline	55g/kg	Blue Comb CRD infectious synovitis, infectious sinusitis, scours, colibacillosis, corysa, fowl cholera.	Birds, Calves and Swine
3	Neimycin-Neo soluble Powder	04-4872	Oxytetracycline + Neomycin sulphate	55g/kg+ 38.5g/kg	CRD, infectious synovitis, blue comb, early chick mortality, bacterial enteritis	Birds, Calves and Swine
4	Neimycin-Egg formula	04-4875	Oxytetracycline +Essential Vitamins	55g/kg	Drop in egg production	Laying Birds
5	Neimycin Chick formula	04-4873	Oxytetracycline +Essential Viatmins	55g/kg	<ul style="list-style-type: none"> <li>Reduces early chick mortality</li> <li>Brooding of chicks</li> </ul>	Bird chicks
6	Neiva stress	04-4876	Essential vitamins		<ul style="list-style-type: none"> <li>Prevents/cures deficiency diseases.</li> <li>Maintains weight gain</li> <li>Stimulates and maintains egg production</li> </ul>	Birds, Rabbits and Swine
7	Piperazine	04-4871	Piperazine citrate	17%w/v	Acaris/Nodular worms in swine and birds	Swine and Birds

## KEY ACCOUNT SEGMENTS

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

- Retail/Pharmacy chain stores and Export
- Government and Parastatals.

In the Government segment, Healthcare Solution programmes like Helminthiasis Elimination Lower Cost Partnership (HELP) targeted at Mass Deworming and Fight the Good Fight Against Hypertension (FITGAH) are well entrenched in this unit.

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

## ECOWAS MARKET

Neimeth is firmly on ground in the Anglophone West African Country of Ghana, but previously in Sierra Leone, Liberia and the Gambia. Our presence in the ECOWAS market is currently limited to Pharmaceutical business with key products like Ciklavit and NCP registered there and are in rising demand. This is planned to expand to the rest of West Africa and to the entire African countries under the African Continental Free Trade Agreement (AfCFTA).

## SALES DISTRIBUTION

80% of our products are distributed by World Wide Healthcare Ltd (WWCVL) with support from our field force, whilst 20% are distributed by our field force. We have depots located in Lagos, Abuja, Ibadan, Onitsha, and Aba. These depots serve as our contact offices in these areas. Currently we have about 65 sales reps and managers 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. Distributor's names and addresses proximal to any given location can be made available on request by the Sales and Marketing department. (Customer Care: 09032543202)

## COMMUNITY SERVICE

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

## PYRANTRIN KIDS CLUB (PKC)

One of our 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. Club membership is spread across the 36 states of the Federation. The club has numerous enviable membership benefits like birthday celebrations, scholarships, and other activities. Membership strength, is expected to grow across other states in the coming years.

## HELP

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

## FITGAH

Fight the Good Fight against Hypertension, (FITGAH) is a community health Programme. The programme enlightens Nigerians on the dangers of hypertension and diabetes and useful tips on ways to manage them. It also offers subsidized hypertensive drugs to isolated cases for at least 2 weeks. The essence of the FITGAH programme is to offer free blood pressure checks for people, counselling and initial treatment of isolated cases.

## SMAPEX

Stress Management Programme for Executives (SMAPEX) emphasizes, the need for deliberate stress control by busy executives to minimize the risk of exposure to insidious diseases like hypertension, diabetes and other stress related diseases .

## ROLL BACK MALARIA

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

## SICKLE CELL CLUB

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

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

## 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 vision "To be the leading innovative healthcare provider out of Africa". 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:

1. Enhance efficacy
2. Create new therapeutic uses
3. Increase sales potentials and profitability
4. Expand usage extensions

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, working with 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 home-grown natural product for the effective management of Sickle Cell disease. Other collaborative work are on Phytomedicines such as Detox Tea for control of viral load, Immunovit for improved immunity, Physogen and Streptol for common cold and throat infections respectively.

Our Mission is to expand and grow the export of health solutions to other countries after meeting local needs.



# CIKLAVIT

NUTRITIONAL SUPPLEMENT

For management of sickle cell disorder



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



*...the trusted name in family medicines*

**Neimeth International Pharmaceuticals Plc**

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

Customer Satisfaction Line: 09032523202

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

@Neimethplc

@Neimethplc

Neimeth International Pharmaceuticals Plc

The Directors submit herewith to the members of the Company the Statement of the Financial Position as at 30<sup>th</sup> September 2020 together with the Comprehensive Income Statement for the year ended on that date.

## LEGAL FORM

The Company, Pfizer Products Nigeria was incorporated on 13<sup>th</sup> of August 1957 as a limited liability company. It was converted to a public limited company in 1991. On 14<sup>th</sup> 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

	<b>₦'000</b>
Profit for the year before taxation	297,388
Taxation	84,912
	-----
Profit after taxation	212,476
	=====

## DIRECTORS AND THEIR INTERESTS

- The names of current Directors are: Dr. A.B.C. Orjiako (Chairman), Pharm. M. O. Azoji (MD/CEO), Pharm. Mrs. R. A. Oputa, Mrs. T. O. Nelson, Mazi S. I. Ohuabunwa, Engr. G. E. Omene, Prof. E. N. Sokomba, Prof. M. M. Iwu, Sir. I. T. Onyechi, Mr. T. T. Osobu and Mrs. B. O. Odunewu (INED)
- The Directors retiring by rotation at this Annual General Meeting in accordance with the Company's Articles of Association are Prof. M. M. Iwu, Mr. T. T. Osobu and Mr. I. T. Onyechi who being eligible, offer themselves for re-election.
- The interest of each Director in the share capital of the Company is as follows:

### DIRECTORS' INTERESTS AS AT 30 SEPTEMBER 2020

S/N	DIRECTORS	DIRECT HOLDINGS AS AT 30 SEPT. 2020	DIRECT HOLDINGS AS AT 30 SEPT. 2019	INDIRECT INTEREST	INDIRECT HOLDINGS AS AT 30 SEPT. 2020	INDIRECT HOLDINGS AS AT 30 SEPT. 2019
1	DR. AMBROSIE B.C. ORJIAKO	*****	*****	ORDREC INVESTMENTS LIMITED	217,701,820	217,701,820
				HELKO NIG. LTD.	191,913,432	191,913,432
2	PHARM. MATTHEW O. AZOJI	2,138,878	*****	*****	*****	*****
3	MAZI SAMUEL I. OHUABUNWA	132,078,348	132,749,658	MASTA SERVICES COY LTD & ESI OHUABUNWA & SONS LTD	6,146,511 756,346	6,146,511 756,346
4	MR. GODWINE E. OMENE	10,413,571	11,413,571	*****	*****	*****
5	PROF. ELIJAH N. SOKOMBA	605,000	605,000	INTERCEDD HEALTH PRODUCTS LTD	450,842,893	450,842,892

6	PROF. MAURICE M. IWU	20,093,687	20,093,687	*****	*****	*****
7	MR. IKECHUKWU T. ONYECHI	39,630,518	29,278,735	ALPHA PHARMACY & STORES LIMITED	72,503,197	72,503.197
8	MR. THOMAS T. OSOBU	81,174,601	81,174,601	*****	*****	*****
9	MRS. ROSELINE A. OPUTA	226,316	226,316	*****	*****	*****
10.	MRS. BASHIRAT O. ODUNEWU	*****	*****	*****	*****	*****
11.	MRS. TEMITAYO O. NELSON	*****	*****	*****	*****	*****

#### e. Directors Interest in Contract

None of the Directors has notified the Company in line with Section 303 of the Companies and Allied Matters Act 2020 of any declarable interest in contracts in which the Company is involved as at 30<sup>th</sup> September 2020.

#### 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 2020. In doing so, they ensure that:

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

## ANALYSIS OF SHAREHOLDING

Range of Holdings	No. of Holders	Holders %	Units	Units %
1 - 1,000	6,666	21.82	3,158,125	0.17
1,001 - 5,000	12,505	40.93	30,827,870	1.62
5,001 - 10,000	4,517	14.78	32,250,392	1.70
10,001 - 50,000	5,246	17.17	113,402,568	5.97
50,001 - 100,000	814	2.66	59,036,767	3.11
100,001 - 500,000	651	2.13	134,681,729	7.09
500,001 - 1,000,000	81	0.27	56,504,485	2.98
1,000,001 - 5,000,000	50	0.16	99,547,345	5.24
5,000,001 - 10,000,000	13	0.04	90,787,407	4.78
10,000.001 - ABOVE	13	0.04	1,278,960,419	67.34
<b>GRAND Total =</b>	<b><u>30,556</u></b>	<b><u>100.00</u></b>	<b><u>1,899,157,107</u></b>	<b><u>00.00</u></b>



## 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 30<sup>th</sup> September 2020.

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

Other than the four substantial shareholders stated above, no other individual(s) holds 5% and above of the Company's issued and fully paid shares.

## VALUE OF ASSETS

Particulars of the changes arising from additions and disposals of Property, Plant and Equipment during the year are contained in Note 16. Details of other assets of the Company as at 30<sup>th</sup> September 2020 are given in Notes 17 to 38 of the Statement of Financial Position.

## CORPORATE SOCIAL RESPONSIBILITY

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

Neimeth's crucial focus is on FITGAH (Fight the Good Fight against Hypertension). Neimeth will continue to fight this dreadful healthcare problem until sufficient awareness on the danger it poses in our society is achieved. In consideration of this, Neimeth will continue to collaborate with organizations, government bodies and NGOs to reduce Hypertension related deaths in our Society.

The general objective of this initiative apart from creating awareness is to ensure that patients do not go on drug holiday, but can access their medication without complications. Neimeth ensures continuity and compliance by providing one-month free starter drugs (anti-hypertensive) for all isolated cases and embarks on partnership with target clinics for six months to sustain the patients.

Neimeth through its CSR efforts embarked on sensitization programmes with Lagos State Government on the importance of healthy living at the onset of the COVID-19 pandemic, through the donation of NCP liquid Antiseptic to Lagos State Ministry of Health. In continuation of this CSR project, Neimeth embarked on a COVID-19 awareness campaign with the Federal Road Safety Corps (FRSC) to sensitize people on the need to adopt COVID-19 preventive measures with a view to reducing COVID-19 related mortality in Lagos and Ogun States by ensuring that people use NCP liquid and hand sanitizer to maintain both personal and environmental hygiene. Neimeth will continue to sustain her cardiovascular clinic/FITGAH centre at Oregun with the provision of free medical examination and management of hypertensive patients within her immediate community and environs. In the 2019/2020 business year, a total number of 646 persons visited the clinic and a handful of patients were diagnosed and placed on Neimeth products. Treatment was free.

During the 2019/2020 business year ended 30 September 2020, Neimeth made a cash donation of ₦1,000,000 (One Million Naira) to the Pharmaceutical Society of Nigeria (PSN).

## COMPANY DISTRIBUTORS

An exclusive Distribution Agreement was entered into in April 2015 with World Wide Health Care Limited (WWCVL) for the distribution of about 75% of Neimeth's 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  
 Danny Faith Pharmacy, Lagos  
 Simko Pharmacy, Ota  
 Micoson Pharmacy, Ota  
 Ramsgate Pharmacy, Ota  
 Goodall Pharmacy Ltd, Ibadan  
 Fiolu Pharm, Ilorin  
 Eben Pharmacy, Akure  
 Royal Michael Pharm, Benin  
 Canez Pharmacy, Onitsha  
 Eco Blessed Pharm Ltd Onitsha  
 Prodave Pharmacy Ltd, Onitsha  
 Warneck Pharmacy, Aba  
 Jay Moore Pharmacy, Aba  
 New Health Pharmacy Ltd, Abuja  
 Klen Pharmacy, Abuja  
 Skylark Pharmacy, Abuja  
 H-Medix Pharmacy, Abuja  
 Lamed Pharmacy, Jos  
 Dilimi Pharmacy, Jos  
 Latnas Pharmacy, Kano  
 Tony Pharmacy, Kano

## SUPPLIERS

The Company's significant suppliers are:

Saga Overseas Limited  
 Drug & Healthcare Limited  
 Real Value Trust Limited  
 Afkar Printing and Publishing Company Limited  
 Maple Plastic Ltd  
 Beta Gloss Plc  
 Rolandhill Nig. Ltd  
 Omnik Limited  
 Tarabichii Printing & Packaging Nig. Ltd  
 Multibase Pharma Ind. Nig. Ltd.  
 Abtevic Pharm Limited  
 Hizzy Chemical Enterprises  
 Shoutong Packaging Nig. Ltd  
 Dapson Renny Ventures  
 Mapleleaf Press Limited  
 Mich Bamidele Ent.  
 Jostraws Pharmachem Point Nig. Ltd  
 Ethylene Products and Lubricants Ltd.  
 De-Daltex Nigeria Ent. Limited  
 Ls Scientific Limited

Temita Scientific Ventures

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

## MANUFACTURING AND DISTRIBUTION AGREEMENTS

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

Royalty charge during the year amounted to ₦2,427,647.21 (2019 – ₦2,214,970.92)

## RESEARCH AND DEVELOPMENT

Over the years, Neimeth has taken great strides to meet the evolving demands of the pharmaceutical market, using proper research and development as its wheels. By improving existing formulations, developing new product formulations and forming partnerships with overseas manufacturers, the Company has and will continue to maintain her vision of being the leading innovative healthcare provider out of Africa.

Currently, the Company is introducing several new products, some of which are undergoing the formulation phase

### 1. PRODUCTS UNDER DEVELOPMENT IN NEIMETH INTERNATIONAL PHARMACEUTICALS PLC.

- i. Unaben Caplets (Albendazole 200mg & 400 mg)
- ii. Necotrim Tablets (Cotrimoxazole 480mg & 960mg)
- iii. Tronid Tablets (Metronidazole 200 mg & 400mg)
- iv. Nesprin Tablets ( Aspirin 75mg )
- v. Pancemol Caplets(Paracetamol 500mg)
- vi. Pancemol PM (paracetamol 500mg + diphenhydramine hcl 25mg)
- vii. Pancemol Extra (paracetamol 500mg + caffeine 30mg)
- viii NCP Hand Sanitizer
- ix NCP Disinfectant Spray/sanitizer
- x. NCP Antiseptic soap
- xi. NCP Baby soap
- xii. Vitamin C Tablets ( 100mg, 500mg & 1000mg)
- xiii. Zinc Gluconate Tablets( 20mg & 50mg)
- xiv. Bitter Leaf Capsules.

### 2. PRODUCTS FROM OVERSEAS MANUFACTURERS UNDERGOING REGISTRATION PROCESS WITH NAFDAC:

#### HUMAN PRODUCTS:

- i. Neomycin Plus Betamethasone Eye Drop.
- ii. Metformin 1000mg SR Tablets.
- iii. Metformin 500mg Tablets.
- iv. Cefuroxime 750mg/vial Injection
- v. Cefuroxime 500mg Tablets.
- vi. Cefuroxime Suspension.
- vii. Vitamin C 1000mg + Zinc 15mg Effervescent Tablets.
- viii. ORS+Zinc 5gm Powder.
- ix. Ciprofloxacin Tablets 500mg.
- x. Magaldrate + Dimethicone + Deglycerized.
- xi. Vitamin Citamin C + Glucose Tablets.

- xii. Chewable Antacid Tablet.
- xiii. Combikit of Clarithromycin + Tinidazole + Lansoprazole Tablets (250MG+250MG+30MG).
- xiv. Ceftriaxone +Sulbactam Injection 1500mg

### **VETERINARY PRODUCTS:**

- i. Albendazole 2500mg Bolus
- ii. Ciprofloxacin Suspension
- iii. Multivitamin Injection
- iv. Albendazole+ Ivermectine Powder
- v. Tylosin Tartrate +Doxycycline Powder
- vi. Amprolium + VIT. K3
- vii. Diclazuril Powder
- viii. Oxytetracycline Injection
- ix. Doxycycline + Vitamin K Powder
- x. Ivermectin Injection
- xi. Enrofloxacin Injection

### **EMPLOYEE INVOLVEMENT AND TRAINING**

At Neimeth, we cherish employee involvement and participation in creating an environment that would have impact on decisions and actions that affect their jobs. We thank God for the last financial year that ended September 30 2020. It was a year of global uncertainty as a result of the outbreak of the COVID-19 pandemic that took the entire world by storm and crippled the global economy. Irrespective of that, employees were engaged in line with our competency drive. On-line trainings and workshops were conducted to attract, develop and retain the right talents. At Neimeth, we believe that training helps our employees to properly adjust to a conducive work environment with increased productivity through corporate and self-development. Throughout the year, Employees were trained and retrained on COVID-19 guidelines as prescribed by the Presidential Task Force on COVID-19 and NCDC.

### **HEALTH, SAFETY AND WELFARE OF EMPLOYEE**

#### **Environmental Management Policy**

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

Accordingly, we constantly monitor our emission of green-house gases and ensure we reduce our carbon footprint through proper and periodic maintenance of our generators, proper servicing of our transport vehicles and through an annual corporate environmental objective which includes the planting of between 2-5 trees a year. Environmental audits are also carried out regularly and statutorily as required by law, at the end of which corrective and preventive actions are put in place to forestall any future occurrence.

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

#### **Environmental Sustainability**

At Neimeth, we make use of a wide range of resources like fuel, water and paper. The usage of these resources is monitored and measured and operational controls put in place to avoid wastages, thereby promoting sustainability. In the case of water usage, this is achieved through the metering of the portable and de-ionized water lines and conducting regular leak audits which are quickly addressed. In 2019, the percentage water usage was 2.28% while

in 2020, it was 3.26 %. The marginal increase was as result of increased production and in the case of paper usage, sending more memos via emails than hard copies and the use of both sides of the paper has reduced the paper used annually thereby ensuring sustainable operations. On energy usage, a lot of improvement was also recorded.

We have done a lot in the area of waste to landfill management through the introduction of various initiatives and as such we have consistently maintained a waste to landfill percentage of 0.5% between 2018-2019 while in 2020 there was a slight increase of 0.8% due to increased production with continuous improvement on the forefront of our priority burner for subsequent years.

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

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

## Health & Safety

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

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

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

In 2019, 1 Lost Time Accident was recorded for a Full Time Staff while in 2020, no Lost Time accident was recorded. Our target is zero accidents. The management has so embraced safety that a week-long activity was introduced in 2018 where various safety trainings were given to the personnel as well as First Aid training. The nature of this year 2020 has necessitated the creation of a 'COVID-19 Monitoring Committee' by the management, which is responsible for creating awareness about the virus and ensuring compliance with strict COVID-19 protocols and guidelines.

## Neimeth COVID-19 Policy

Neimeth recognizes the importance of prioritizing employee safety, welfare and overall wellbeing which has become even more germane in the wake of the unprecedented global and national public health crises caused by the COVID-19 pandemic. Therefore, Neimeth has adopted a COVID-19 policy which seeks to ensure that:

- Any staff that is unwell should stay home and call in sick.
- Visitors who have no business being on the premises are restricted from entry.
- Personnel and visitors to our facility are expected to comply with strict personnel hygiene both at home and within the premises.
- No personnel or visitor to the facility will be allowed within the premises without a face mask thereby implementing a "NO FACE MASK, NO ENTRY POLICY"
- Every personnel or visitor to the facility must present themselves for a temperature check and anyone whose temperature is 38oC and above is barred from entry and politely asked to go home and take care of themselves.

- Hand washing or the use of a 70% alcoholic rub is insisted on and the security have been detailed to enforce this.
- Virtual meetings are now the 'new normal' as meetings which will involve large gatherings are not allowed to hold physically, but only through the medium of remote technology such as Zoom, Skype and the likes.
- Personnel who do not use private or commercial vehicles are as much as possible conveyed from designated locations using the staff bus with numerous trips ensuring social distancing as the bus conveys 50% of its capacity.
- The canteen lunch periods are shuffled to have as many as 4-5 groups to avoid overcrowding and maintain social distancing, thereby ensuring that at any given time the canteen sits at least 50% of its capacity.

### Neimeth HIV/AIDS Policy

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

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

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

### POST BALANCE SHEET EVENTS

There were no other significant post balance sheet events, which could have had material effect on the state of affairs of the Company for the period ended 30<sup>th</sup> September 2020 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 401(2) of the Companies and Allied Matters Act 2020. A resolution will be proposed at the Annual General Meeting authorizing the Directors to determine their remuneration.

By Order of the Board.



**MRS. F. I. ONYENEKWE (FRC/ICAN/00000010082)**

Company Secretary

Lagos, Nigeria

24<sup>th</sup> of December 2020



At the last Annual General Meeting of the Company held on 5th March 2020, the shareholders passed a special resolution:

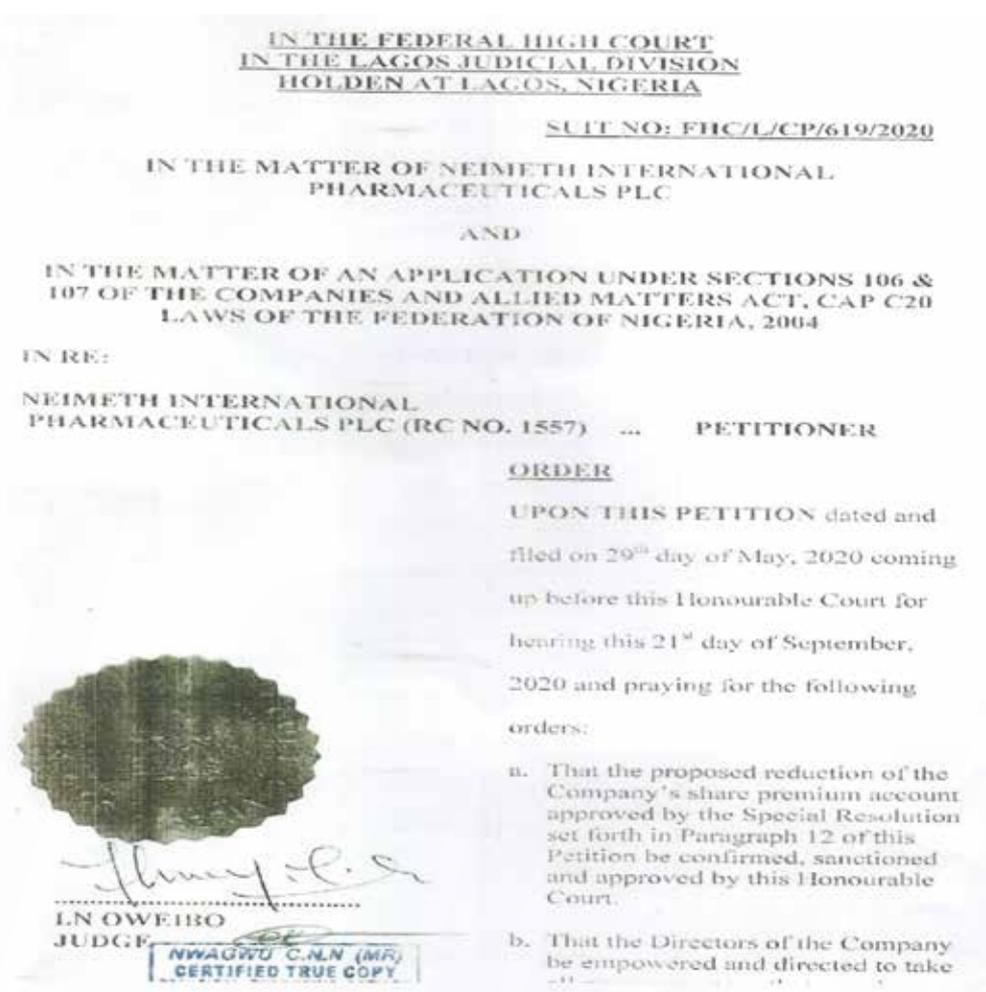
- To reduce the amount in the share premium account of the Company by N898,164,000 (Eight Hundred and Ninety Eight Million, One Hundred and Sixty Four Thousand Naira) from N1,020,603,000 (One Billion, Twenty Million, Six Hundred and Three Thousand Naira) to N122,439,000 (One Hundred and Twenty-Two Million Four Hundred and Thirty-Nine Thousand Naira) and the amount by which the share premium account is so reduced to be credited to a Capital Restructuring Reserve Account.
- That the amount of N898,164,000 (Eight Hundred and Ninety-Eight Million, One Hundred and Sixty-Four Thousand Naira) standing to the credit of the Capital Restructuring Reserve Account be applied in writing off the accumulated losses of the Company.
- That the Solicitors of the Company be directed to seek orders of the Court sanctioning the balance sheet restructuring.

We wish to inform shareholders that following the passing of the above resolution, the balance sheet restructuring exercise was commenced and concluded.

**The following approvals were obtained in respect of the exercise:**

- The Financial Reporting Council of Nigeria (FRCN) gave “no objection” to the proposed capital restructuring scheme following review of the submissions by our representatives and financial advisers.
- The Securities and Exchange Commission (SEC) declared “no objection” to the proposed capital restructuring.
- Confirmation, sanctioning and approval by the Federal High Court of the proposed reduction of the Company’s share premium account as prayed and approved by special resolution.

Evidence of the above approvals have been included below.





## FINANCIAL REPORTING COUNCIL OF NIGERIA

*Federal Ministry of Industry, Trade and Investment*

July 03, 2020

**The Managing Director**

Neimeth International Pharmaceuticals Plc.  
Plot 16, Akanni Doherty Layout (Billings Way)  
Oregun, Oregun Industrial Estate  
Ikeja Lagos.

**Attention: Temitayo O. Nelson (Mrs.) – Executive Director, Finance**

Dear Sir,

**RE: NEIMETH INTERNATIONAL PHARMACEUTICALS PLC – CAPITAL RESTRUCTURING**

The above subject matter refers.

**We hereby write to inform you that our Council has "no objection" to your proposed capital restructuring scheme following the review of the submissions made to us by your representatives as well as financial advisers, Planet Capital Limited.**

**The Council, however, requires you to note the following:**

- a) The terms, conditions and processes of the proposed capital restructuring as detailed in your submissions to our Council shall be strictly adhered to and you shall ensure that our Council's understanding is protected.
- b) You are to forward to our Council copies of the FRC registration certificates of all the professionals involved in the execution of the scheme including but not limited to, financial advisers, lawyers, valuers, reporting accountants, assurance providers, etc.
- c) In the case of any variation, modification or adjustments of any kind to the process or scheme, our Council shall be promptly notified and details shall be provided.
- d) Our Council shall be carried along at every step of the execution of the scheme and shall be privy to all the relevant information.

*...the conscience of regulatory assurance*

Plot 8, Otunba Jobi Fele Way, Central Business District, Alausa, P.O. Box 10968, Ikeja, Lagos, Nigeria. Tel (234)01-17001150 01-17001151, 08175144101. [www.financialreportingcouncil.gov.ng](http://www.financialreportingcouncil.gov.ng)



**Securities &  
Exchange  
Commission**

SEC TOWER, Plot 272, Samuel Adesujo Ademulegun Street, Central Business District, P.M.B. 315 Garki, Abuja, Nigeria.  
Tel: +234 (09) 4621100, 4621168  
e-mail: sec@sec.gov.ng web: www.sec.gov.ng

SEC/SIS/M&A/NEIMETH/Vol 01

**September 10, 2020**

The Managing Director  
Planet Capital Limited  
3<sup>rd</sup> Floor, St. Peter's House  
3, Ajele Street  
Off Broad Street  
Lagos Island  
Lagos

Dear Sir,

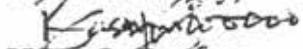
**RE: NEIMETH INTERNATIONAL PHARMACEUTICALS PLC - CAPITAL  
RESTRUCTURING**

We refer to your submission on the above subject matter and hereby inform you that the Commission has 'No Objection' to the proposed capital restructuring by:

- Creation of a Capital Restructuring Reserve Account, to be credited with N898,164,000 (Eight Hundred and Ninety-Eight Million, One Hundred and Sixty-Four Thousand Naira), which is the equivalent amount of the accumulated loss to be taken from the Share Premium Account, and;
- Crediting the Revenue Reserve Account with N898,164,000 (Eight Hundred and Ninety-Eight Million, One Hundred and Sixty-Four Thousand Naira), and debiting the same amount to Capital Restructuring Reserve Account.

However, you are to comply with the directives of the Financial Reporting Council of Nigeria in respect of the exercise. Evidence of compliance should also be forwarded to the Commission.

Yours faithfully,

  
**Mfon O. Bassey**

Deputy Director, Securities and Investment Services  
For: Director General

# FIGHT THE GOOD FIGHT AGAINST HYPERTENSION (FITGAH) PROGRAMME



## DONATION OF NCP TO LAGOS STATE MINISTRY OF HEALTH IN PROMOTING PERSONAL HYGIENE IN THE EMERGENCE OF COVID-19



NCP HAND SANITIZER

**ncp<sup>®</sup> Hand Sanitizer**

**...KILL GERMS INSTANTLY !!!**

- Kills 99.99% of germs on hands
- Convenient packaging
- No water needed

*...Every home needs ncp protection*

**Neimeth**

## NCP LIQUID ANTISEPTIC



**ncp**<sup>®</sup>  
Liquid Antiseptic

**USEFUL IN MANY WAYS**

- ✓ Daily Bath
- ✓ Oral & Dental Care
- ✓ Wound Care
- ✓ Skin Care
- ✓ Aftershave
- ✓ Acne
- ✓ Personal Hygiene
- ✓ Manicure & Pedicure

...Every home needs ncp protection.

**Neimeth**

## NCP DISINFECTANT SPRAY



**ncp**<sup>®</sup> *Disinfectant Spray*

**...KILLS GERMS INSTANTLY !!!**

- Pleasant fragrance.
- Effectively kills 99.99% of
  - Bacteria • Viruses • Germs
- on  
Surfaces & Environments.
- Non-Bleach.
- No-Stain.

...Every home needs ncp protection

**Neimeth**

## NCP DISINFECTANT SPRAY DANCE SHOWING TEAM SPIRIT



# NEIMETH - FRSC PARTNERSHIP ON COVID-19 PUBLIC ENLIGHTENMENT



# UNVEILING OF PYRANTRIN BRAND AMBASSADOR, WOLI AROLE



**Neimeth** A **WORM** FREE FAMILY IS A HEALTHY FAMILY

# Pyrantrin<sup>®</sup>

Pyrantel Pamoate



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

# NEIMETH INTERNATIONAL PHARMACEUTICALS PLC 2020 CUSTOMERS FORUM AND AWARDS





## Neimeth International Pharmaceuticals Plc. RC.1557

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

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

In accordance with Section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004, we confirm that we have reviewed and considered the Financial Statement for the year ended 30<sup>th</sup> September, 2020 and the report thereon and confirm that the accounting and reporting policies of the Company are in accordance with legal requirement and agreed ethics.

In our opinion, the scope of planning of the audit for the year ended 30<sup>th</sup> September, 2020 were adequate and we reviewed the External Auditors' finding on Management matters and are satisfied with the Management responses.

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

Dated 4<sup>th</sup> December, 2020

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

#### Other members of the Audit Committee

Alhaji M. I. Jinadu, F.IoD  
Alhaji K. Danjuma  
Mazi S.I. Oluabunwa  
Sir I. T. Onyechi  
Mr. T. T. Osobu

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

**BREAKTHROUGH  
AT LAST!!!**

**Ciklavit\***

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



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

#### Board of Directors:

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

PKF Professional Services



### Independent Auditor's report

#### To the Members of Neimeth International Pharmaceuticals Plc

#### Opinion

We have audited the financial statements of Neimeth International Pharmaceuticals Plc (the "Company"), which comprise the statement of financial position at 30 September 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at 30 September 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, Cap C20, LFN 2004.

#### Basis for opinion

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

#### Key Audit Matter

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

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

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

Offices in: Abuja • Jos • Kaduna • Kano.

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Accountants &  
business advisers

Key Audit Matter	How the matter was addressed in the audit
<p><b>Accuracy of recognition and measurement of revenue</b> Neimeth International Pharmaceuticals Plc revenue amounted to N2.8 billion for the year ended 30 September 2020. The application of IFRS 15, involves certain key judgement relating to identification of distinct performance obligations, the appropriateness of basis used to measure revenue recognised, determination of transaction price of the identified performance obligations and recognition of revenue when performance obligation is met.</p> <p>There could be pressure on margin which could lead to recognising revenue when performance obligations have not been met and risk and reward has not been transferred to the third party.</p> <p>Also, given the nature of contracts with some of the customers, there could be issues around cut off and revenue recognition based on satisfaction of performance obligation.</p> <p>All issues identified above made revenue a key audit matter.</p>	<p>The following audit procedures were performed among others:</p> <ul style="list-style-type: none"> <li>- Reviewed the accounting policy for consistency and management's procedures in the recognition and recording of revenue.</li> <li>- Evaluated the design and implementation and the operating effectiveness of internal controls over the approval of products sold.</li> <li>- For sale of goods to major customers during the year, we compared on a sample basis, postings into revenue ledger which is evidenced by delivery notes and copy of invoice. We also verified and matched on a sample basis customers' purchase order, delivery notes and signed contract agreement.</li> <li>- Tested the accuracy of samples of journal entries relating to revenue by matching them against approved credit notes to customers with respect to sales returns.</li> <li>- Tested whether revenue transactions occurring both prior and post year end date were recognized in the correct period.</li> <li>- Reviewed the controls around information technology systems and performed data integrity check on revenue.</li> </ul>
<p><b>b) Impairment of trade and other receivables</b> The Company is exposed to credit arising from the company trade receivables.</p> <p>The determination of the impairment charge for trade receivables requires the assessment of Expected Credit Loss Model (ECL) using the simplified approach on recoverable amounts in line with IFRS 9.</p> <p>The ECL model involves the application of considerable level of judgement and estimation in determining inputs which are derived from historical records obtained within and outside the company in formulating the financial model. The models also requires assumptions in the estimation of forward looking macro-economic variables in computing the probability of default. (PD).</p> <p>The appropriateness of impairment calculation for long overdue debts which require significant management's judgement, makes it a key audit matter.</p>	<p>Focused our testing of impairment on the assumption made by management and in line with IFRS 9, Expected Credit Loss Model (ECL).</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Assessed and tested the design and operating effectiveness of the controls over impairment calculations.</li> <li>- Reviewed the age analysis of debtors and internal controls over recoverability of receivables.</li> <li>- Reviewed impairment model adopted by management and evaluated whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9 and is in agreement with our understanding of the business and the industry in which Neimeth operates.</li> <li>- We challenged management's assessment on the recoverability of overdue receivables, collection pattern, considering historical patterns of debt and repayment as well as recent communications with their counterparties.</li> <li>- Evaluated the accounting principles underlying revenue recognition, which form the basis for the recognition of trade receivables.</li> </ul>



Accountants &  
business advisers

#### Other Information

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

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

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

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

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

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- iv) Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Accountants &  
business advisers

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

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

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

#### Report on Other Legal and Regulatory Requirements

Compliance with the requirements of schedule sixth of the Companies and Allied Matters Act, Cap C.20 LFN 2004.

In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of those books of the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Benson O. Adejayan, FCA  
FRC/2013/ICAN/00000002226  
For: PKF Professional Services  
Chartered Accountants  
Lagos, Nigeria

Dated: 7 December 2020

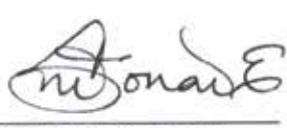


	Notes	30-Sep-20 N'000	30-Sep-19 N'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16.	1,214,111	757,878
Investment properties	17	35,965	-
		<b>1,250,076</b>	<b>757,878</b>
<b>Current assets</b>			
Inventories	18.	1,439,156	772,757
Trade and other receivables	19.	1,026,085	1,027,858
Other current assets	20.	91,229	73,767
Cash and cash equivalents	21.1	2,634,814	121,540
		<b>5,191,284</b>	<b>1,995,922</b>
<b>Total assets</b>		<b>6,441,360</b>	<b>2,753,800</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23.	691,816	465,625
Current borrowing	22.4	299,510	101,059
Current portion of long term borrowings	22.1	1,007,612	725,229
Finance lease liabilities	29.	6,358	20,362
Current tax payable	26.	193,720	93,400
Defined benefit obligation	24.	21,848	29,410
		<b>2,220,864</b>	<b>1,435,085</b>
<b>Non-current liabilities</b>			
Non-current portion of long term borrowings	22.1	2,911,131	153,651
Deferred tax liability	27.	34,704	93,046
		<b>2,945,835</b>	<b>246,697</b>
<b>Total liabilities</b>		<b>5,166,699</b>	<b>1,681,782</b>
<b>Net assets</b>		<b>1,274,661</b>	<b>1,072,018</b>
<b>Equity</b>			
Ordinary shares	30.2	949,579	949,579
Share premium	30.3	112,606	1,020,603
Retained earnings/(accumulated loss)	31.	212,476	(898,164)
<b>Total equity</b>		<b>1,274,661</b>	<b>1,072,018</b>

These financial statements were approved by the Board of Directors on 7 December 2020 and signed on its behalf by:

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

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

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

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

	Note	2020 N'000	2019 N'000
Turnover	8	2,839,119	2,371,311
Cost of sales	9	<u>(1,329,701)</u>	<u>(1,175,581)</u>
<b>Gross profit</b>		<b>1,509,418</b>	1,195,730
Other income	10	29,285	2,548
Marketing and distribution expenses	11	(505,109)	(377,227)
Administrative expenses	12	(452,281)	(375,205)
Exchange loss	13	<u>(188,052)</u>	<u>(32,465)</u>
<b>Operating profit</b>		<b>393,261</b>	413,381
Finance costs	14	<u>(95,873)</u>	<u>(108,942)</u>
Profit before taxation		297,388	304,439
Income tax expense	28	<u>(84,912)</u>	<u>(84,292)</u>
<b>Profit for the year from continued operation</b>		<b>212,476</b>	220,147
<b>Other comprehensive income</b>			
Gain on available for sale assets		-	-
<b>Total other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<b>212,476</b>	220,147
Basic earnings per share	32	<u>11</u>	<u>12</u>

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



	Ordinary shares N'000	Share premium N'000	Accumulated loss N'000	Total equity N'000
<b>At 1 October 2018</b>	863,254	1,113,889	(1,118,311)	858,832
<b>Changes in equity the year</b>				
Profit for the year	-	-	220,147	220,147
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive profit for the year</b>	-	-	220,147	220,147
Transfer between share capital/premium	86,325	(86,325)	-	-
Transaction costs for equity issue	-	(6,961)	-	(6,961)
<b>At 30 September 2019</b>	949,579	1,020,603	(898,164)	1,072,018
<b>At 1 October 2019</b>	949,579	1,020,603	(898,164)	1,072,018
<b>Changes in equity for the year</b>				
Profit for the year	-	-	212,476	212,476
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive profit for the year</b>	-	-	212,476	212,476
Transfer to reserve	-	(898,164)	898,164	-
Transfer between share capital/premium	-	(9,833)	-	(9,833)
Transaction costs for equity issue	-	(9,833)	-	(9,833)
<b>At 30 September 2020</b>	949,579	112,606	212,476	1,274,661



	Notes	2020 N'000	2019 N'000
<b>Profit for the year</b>		<b>212,476</b>	220,147
<b>Adjustment for:</b>			
Depreciation of property, plant and equipment	16	110,723	103,461
Gain or loss on disposal	10	-	(1,746)
Impairment loss on trade receivables	19.2	-	8,848
Impairment write back	19.2	(4,580)	-
Finance cost	14	95,873	108,941
Exchange loss	13	188,052	32,465
Income tax expense	28	143,254	46,095
		<b>745,798</b>	518,211
<b>Changes in:</b>			
Increase in inventories		(666,399)	(89,301)
Decrease/(increase) in trade receivables		6,353	(324,385)
Decrease in other asset		(17,462)	80,185
Increase in trade and other payables		226,189	129,780
Increase in deferred tax liability		(58,342)	38,197
Decrease in define benefit obligation		(7,562)	(27,441)
Cash generated from operating activities		<b>228,575</b>	325,246
Income tax paid	26.	(42,933)	(14,065)
<b>Net cash from operating activities</b>		<b>185,642</b>	311,181
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	16	(602,921)	(150,737)
Proceed from disposal of property, plant and equipment	10.1	-	5,521
<b>Net cash used in investing activities</b>		<b>(602,921)</b>	(145,216)
<b>Cash flows from financing activities</b>			
Proceed from import finance facility	22.4.2	221,293	463,166
Repayment of loans		(294,227)	(531,065)
Current borrowing obtained	22.4	299,510	-
Finance cost paid	14	(29,868)	(62,580)
Proceeds from term loan	22	2,787,340	-
Bonus share issue cost	30.3	-	(6,961)
Capital restructuring cost	30.3	(9,833)	-
<b>Net cash generated/(used) in financing activities</b>		<b>2,974,215</b>	(137,440)
Effect of exchange rate changes on cash and cash equivalents		4,087	(158)
Net increase in cash and cash equivalents		<b>2,556,936</b>	28,525
Cash and cash equivalents at 1 October		<b>73,792</b>	45,425
<b>Cash and cash equivalents at 30 September</b>	21.2	<b>2,634,814</b>	73,792

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

## **1. The Company**

### **1.1 Legal form**

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

### **1.2 Principal activities**

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

## **2. Basis of preparation**

### **2.1 Statement of compliance**

These financial statements have been prepared for the year ended 30 September 2020 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011. Additional information required by local regulators has been included where appropriate.

### **2.2 Basis of measurement**

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

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

### **2.3 Going concern assessment**

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

### **2.4 Functional and presentation currency**

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

### **2.5 Summary of Standards and Interpretations effective for the first time**

#### **2.5.1 IFRS 16, Leases**

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

- New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-

financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.

- IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.
- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.
- IFRS 16 supersedes the following Standards and Interpretations:
  - a) IAS 17 Leases;
  - b) IFRIC 4 Determining whether an Arrangement contains a Lease;
  - c) SIC-15 Operating Leases—Incentives; and
  - d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

#### **Impact on Initial Application**

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

#### **2.5.2 Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)**

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

The Interpretation requires an entity to:

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

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

The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. Key requirements The interpretation specifically addresses the following:

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



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

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

### **2.5.3 Prepayment Features with Negative Compensation - Amendments to IFRS 9**

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

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

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

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

### **2.5.4 Plan Amendment, Curtailment or Settlement - Amendments to IAS 19**

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

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

A plan amendment, curtailment or settlement may reduce or eliminate a surplus in a defined benefit plan, which may cause the effect of the asset ceiling to change. The amendments clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income. This clarification provides that entities might have to recognise a past service cost, or a gain or loss

on settlement, that reduces a surplus that was not recognised before. Changes in the effect of the asset ceiling are not netted with such amounts.

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

## 2.6 Standards and interpretations issued/amended but not yet effective

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

### 2.6.1 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

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

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

The amendments:

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

### Impact on Initial Application

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

### 2.6.2 Conceptual Framework for Financial Reporting

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

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

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity



- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance The Conceptual Framework is accompanied by a Basis for Conclusions.

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

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

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

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

### 3. Summary of significant accounting policies

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

#### 3.1 Intangible assets

##### 3.1.1 Intangible assets acquired separately

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

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

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

##### 3.1.2 Intangible assets generated internally

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

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

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

#### 3.2 Property, plant and equipment

##### 3.2.1 Initial recognition

All property, plant and equipment assets are stated at cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.



### 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 Investment properties

Investment Properties are Properties that are held for long-term rental yields or for capital appreciation or both, that are not occupied by any of the department within the Company. Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. It's carrying value at the date of reclassification becomes its cost for subsequent accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is it's carrying amount at the date of change in use.

### 3.4 Inventories

Inventories are valued using standard costing method of valuation. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs

incurred in bringing them to their existing location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity levels.

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

### **3.5 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.

### **3.6 Financial instruments**

#### **Recognition and initial measurement**

Financial instruments carried at statement of financial position date include the loans and receivables, cash and cash equivalents and borrowings. Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below:

#### **3.6.1 Financial assets**

Initial recognition and measurement of financial assets

The Company classifies its financial assets at initial recognition and subsequently measured at amortised cost, at fair value through other comprehensive income (OCI) and fair value through profit or loss.

The Company classifies its financial assets into the following categories: Financial assets at fair value through profit or loss, at fair value through OCI or at amortised cost. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

#### **3.6.2 Subsequent measurement**

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

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

#### **a) Financial assets at fair value through profit or loss**

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.

#### **b) Financial assets at fair value through other comprehensive income**

Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.



### **c) 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 company 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.

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 group 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.

### **3.6.3 Financial liabilities**

#### **3.6.3.1 Initial recognition and measurements**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings.

#### **3.6.3.2 Derecognition**

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

### **3.6.4 Impairment of financial assets**

#### **3.6.4.1 Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its trade receivables, equity instrument and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events,

current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

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

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

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

#### **3.6.4.2 Credit-impaired financial assets**

The Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt instruments carried at FVOCI are credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following:

- there is significant financial difficulty of a customer (potential bad debt indicator);
- there is a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the Customer's financial difficulty, granting to the Customer a concession that the Company would not otherwise consider.
- it becomes probable that a counterparty/Customer may enter bankruptcy or other financial reorganisation;
- there is the disappearance of an active market for a financial asset because of financial difficulties; or
- observable data indicates that there is a measurable decrease in the estimated future cash flows from a Company of financial assets.
- the financial asset is 360 days and above past due.

A trade receivable debt that has been renegotiated due to a deterioration in the Customer's financial condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.



### 3.6.4.3 Presentation of allowance for ECL

Trade receivable allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: the loss allowance is recognised as a provision, and
- debt instruments measured at FVOCI: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

### 3.7 Other financial assets:

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

### 3.8 Trade and other receivables

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

### 3.9 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.

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

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

### 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.



### 3.10.1 Loans and borrowings

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

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

### 3.11 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.

### 3.12 Trade and other payables

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

### 3.13 Employee benefits

#### 3.13.1 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.

#### 3.13.2 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.

### **3.13.3 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.

### **3.13.4 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.

### **3.14 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.

### 3.15 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.

### 3.16 Revenue recognition

#### 3.16.1 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.

### 3.17 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.

### 3.18 Segment reporting

An operating segment is a component of an entity:

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **4. Critical accounting estimates and judgement**

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

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

##### **a) Defined benefit obligation**

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

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

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

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate



assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

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

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

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

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

#### **d) Others are:**

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

### **5. Risk management framework**

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

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

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

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

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

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

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



### 5.1 Strategic risks

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

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

### 5.2 Operational risks

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

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

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

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

### 5.3 Financial risks

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

- Credit risks
- Liquidity risks
- Market risks

#### a) Credit risks

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



## Exposure to risk

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

	2020 N'000	2019 N'000
<b>Financial assets</b>		
Trade and other receivables	1,026,085	1,027,858
Cash and cash equivalents	<u>2,634,814</u>	<u>121,540</u>

## An analysis of trade receivables

	Gross amount N'000	Note	Analysis of Receivables using simplified approach of IFRS 9		
			Performing N'000	Default N'000	Lost N'000
<b>2020</b>	<b>1,708,099</b>	<b>19</b>	<b>1,006,283</b>	<b>491,843</b>	<b>209,973</b>
<b>2019</b>	1,613,146	19	837,687	585,288	190,171

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

### b) Liquidity risks

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

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

### c) Market risks

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

### d) Currency risk

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

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

## 6. Capital management

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

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

### Approach to capital management

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

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

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

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

The debt-to-capital ratios at 30 September 2020 and its comparative year were as follows:

	<b>2020</b> <b>N'000</b>	2019 N'000
Total liabilities	<u>5,166,699</u>	<u>1,681,782</u>
Total liabilities and equity	<u>6,441,360</u>	<u>2,753,800</u>
Debt-to-capital ratio	<u><u>0.80</u></u>	<u><u>0.61</u></u>

The increase in the debt-to-capital ratio during 2020 resulted primarily from the increase in the entity's borrowings during the year.

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

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

## 7. Financial instruments and fair values

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

## 8. Segment information

### 8.1 Operating segments

The Company has two reportable business segments, summarised as follows:

#### Pharmaceuticals product group:

This include the marketing and sales of the Company's branded products, and the consumer product group.

#### Animal health product group:

This include the marketing and sales of poultry and large animal range of anthelmintics as well as production enhancing medicaments.

	<b>2020</b> <b>N'000</b>	2019 N'000
Pharmaceuticals	<u>2,470,102</u>	2,281,197
Animal health	<u>369,017</u>	<u>90,114</u>
	<u><u>2,839,119</u></u>	<u><u>2,371,311</u></u>

## 8.2 Geographical segment

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

	2020 N'000	2019 N'000
Nigeria	2,806,777	2,354,763
Ghana	<u>32,342</u>	<u>16,548</u>
	<u><u>2,839,119</u></u>	<u><u>2,371,311</u></u>

The reported revenue for animal health segment is not significant to the total turnover, hence, it was not separated for direct cost allocation in order to determine the gross profit.

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

## 9. Cost of sales

### Raw material

At 1 October	415,075	367,378
Add purchases	<u>1,321,770</u>	<u>848,414</u>

	1,736,845	1,215,792
<b>Less:</b> Closing stock	<u>(726,947)</u>	<u>(415,075)</u>

Product Cost	<u><u>1,009,898</u></u>	<u><u>800,717</u></u>
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### Factory overhead expenses

Production salaries and wages	203,737	162,155
Power and fuel	19,304	26,563
Factory other expenses	116,067	80,105
Depreciation: - Plant and machinery	61,830	59,789
- Building	4,806	4,418
Obsolete, excess inventory recovery	1,640	2,306
(Increase)/decrease in finished goods	(105,661)	18,668
Decrease in work in progress	19,590	19,305
(Increase)/decrease in spares parts	<u>(1,510)</u>	<u>1,555</u>

	<u><u>319,803</u></u>	<u><u>374,864</u></u>
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	<u><u>1,329,701</u></u>	<u><u>1,175,581</u></u>
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	2020 N'000	2019 N'000
<b>10. Other income</b>		
Gains on disposal of property, plant and equipment (Note 10.1)	-	1,746
Sundry receipts (Note 10.2)	1,941	802
Sales of scrap	973	-
Insurance claim	260	-
Lease rental income (Note 10.3)	16,667	-
Provision no longer required (Note 10.4)	9,444	-
	<u>29,285</u>	<u>2,548</u>
<b>10.1. Gain on disposal of property, plant and equipment</b>		
Cost	-	6,291
Accumulated depreciation	-	(2,516)
Carrying amount	-	3,775
Proceed on disposal	-	(5,521)
Profit on disposal	<u>-</u>	<u>(1,746)</u>
10.2. This represent merging account balances from closed Zenith bank account to another similar account.		
10.3. This represent leased rental income from Neimeth property (former office complex) at 1 Henry Carr, Ikeja.		
10.4 This represent provision no longer required on trade receivable and credit balance in trade receivable from prior year repeated this year		
<b>11. Marketing and distribution expenses</b>		
Employee cost	196,839	103,670
Transport and travelling	60,467	57,674
Advert and promotions	156,238	164,448
Depreciation of motor vehicle	34,959	28,270
Communication and subscription	761	559
Donation	1,017	275
Printing and stationeries	1,408	359
Rent and rate	3,383	3,926
Product registration expenses	13,831	3,443
Training and seminar	3,200	50
Medical expenses	502	58
Energy cost	10,029	2,710
Repairs and maintenance	13,790	5,191
Telephone and postages	4,272	983
Corporate expenses	4,063	2,518
Others	352	3,093
	<u>505,109</u>	<u>377,227</u>

	2020 N'000	2019 N'000
<b>12. Administration expenses</b>		
Employee costs	166,226	153,623
Impairment allowance for trade and other receivables	-	8,848
Corporate expenses	6,133	409
Transport and travelling	31,438	32,045
Legal, consultancy and professional fees	20,781	18,933
Energy cost	39,441	25,952
Rent and rate	-	200
Bank charges and commission	64,140	39,195
Insurance	19,041	15,782
Repairs and maintenance	4,764	2,443
Printing and stationeries	2,169	1,352
Training and seminar	6,016	6,273
Conference and meetings	27,106	20,643
Medical expenses	18,306	12,172
Telephone and postages	10,895	9,757
Communication and subscription	5,026	1,884
Depreciation of office and computer equipment	9,130	10,983
Audit fee	8,894	8,085
Gift and donation expenses	8,878	4,301
Security expenses	2,983	1,583
Others (Note 12.1)	916	743
	<b>452,281</b>	<b>375,205</b>
<b>12.1</b> Others represent public relations expenses and clinical/laboratory testing expenses.		
<b>13. Foreign exchange loss</b>		
Loss on currency translation	<b>188,052</b>	<b>32,465</b>
<b>14. Finance costs</b>		
Interest expenses	35,888	100,829
Interest on term loans	54,701	-
Interest on lease	5,284	8,113
	<b>95,873</b>	<b>108,942</b>
<b>Less accrued interest in the year</b>		
Accrued interest on debenture (Note 22)	54,701	40,733
Accrued Interest (Note 22.1)	11,304	5,629
	<b>66,005</b>	<b>46,362</b>
<b>Finance costs paid</b>	<b>29,868</b>	<b>62,580</b>

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

	Note	Financial assets		Financial liabilities	Total carrying amount N'000	Fair value N'000
		Fair value through profit or loss N'000	Amortised cost N'000	Amortised cost N'000		
<b>At 30 September 2020</b>						
<b>Assets</b>						
Trade and other receivables	19	-	1,026,085	-	1,026,085	1,728,179
Cash and cash equivalents	21.1	<u>2,634,814</u>	<u>-</u>	<u>-</u>	<u>2,634,814</u>	<u>2,634,814</u>
		<u>2,634,814</u>	<u>1,026,085</u>	<u>-</u>	<u>3,660,899</u>	<u>4,362,993</u>
<b>Liabilities</b>						
Trade and other payables	23	-	-	691,816	691,816	691,816
Borrowings (Current portion)	22.1	-	-	1,007,612	1,007,612	1,007,612
Finance lease payable	29	<u>-</u>	<u>-</u>	<u>6,358</u>	<u>6,358</u>	<u>6,358</u>
		<u>-</u>	<u>-</u>	<u>1,705,786</u>	<u>1,705,786</u>	<u>1,705,786</u>
<b>At 30 September 2019</b>						
<b>Assets</b>						
Trade and other receivables	19	-	1,027,858	-	1,027,858	1,624,498
Cash and cash equivalents	21.1	<u>121,540</u>	<u>-</u>	<u>-</u>	<u>121,540</u>	<u>121,540</u>
		<u>121,540</u>	<u>1,027,858</u>	<u>-</u>	<u>1,149,398</u>	<u>1,746,038</u>
<b>Liabilities</b>						
Trade and other payables	23	-	-	465,625	465,625	465,625
Borrowings (Current portion)	22.1	-	-	725,229	725,229	725,229
Finance lease payable	29	<u>-</u>	<u>-</u>	<u>20,362</u>	<u>20,362</u>	<u>20,362</u>
		<u>-</u>	<u>-</u>	<u>1,211,216</u>	<u>1,211,216</u>	<u>1,211,216</u>

#### 15.1 Fair valuation methods and assumptions

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

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

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

#### 15.2 Fair value measurements recognised at the reporting date

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

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

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

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



	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
<b>Cost</b>									
At 1 October 2018	106,332	120,846	742,647	83,269	318,052	66,536	55,187	122,869	1,615,738
Addition in the year	-	36,228	70,566	25,074	290	1,650	16,929	-	150,737
Reclassification to CWIP	-	-	1,542	-	-	-	(1,542)	-	-
Reclassification from asset under lease	-	-	-	-	28,500	-	-	(28,500)	-
Disposal during the year	-	-	-	-	-	-	-	(6,291)	(6,291)
At 30 September 2019	106,332	157,074	814,755	108,343	346,842	68,186	70,574	88,078	1,760,184
Addition in the year	-	-	-	-	-	-	602,921	-	602,921
Reclassification from CWIP	-	4,128	7,825	1,366	54,600	3,277	(71,196)	-	-
Reclassification to investment property	(20,467)	(28,960)	-	-	-	-	-	-	(49,427)
<b>At 30 September 2020</b>	<b>85,865</b>	<b>132,242</b>	<b>822,580</b>	<b>109,709</b>	<b>401,442</b>	<b>71,463</b>	<b>602,299</b>	<b>88,078</b>	<b>2,313,678</b>
<b>Accumulated depreciation and impairment losses</b>									
At 1 October 2018	-	16,770	421,327	55,394	307,866	59,077	-	40,927	901,361
Charge for the year	-	4,418	59,789	5,142	10,613	5,884	-	17,615	103,461
Reclassification from asset under lease	-	-	-	-	12,617	-	-	(12,617)	-
Disposal	-	-	-	-	-	-	-	(2,516)	(2,516)
At 30 September 2019	-	21,188	481,116	60,536	331,096	64,961	-	43,409	1,002,306
Charge for the year	-	4,806	61,830	6,385	17,343	2,744	-	17,615	110,723
Reclassification to investment property	-	(13,462)	-	-	-	-	-	-	(13,462)
<b>At 30 September 2020</b>	<b>-</b>	<b>12,532</b>	<b>542,946</b>	<b>66,921</b>	<b>348,439</b>	<b>67,705</b>	<b>-</b>	<b>61,024</b>	<b>1,099,567</b>
<b>Carrying amount</b>									
<b>At 30 September 2020</b>	<b>85,865</b>	<b>119,710</b>	<b>279,634</b>	<b>42,788</b>	<b>53,003</b>	<b>3,758</b>	<b>602,299</b>	<b>27,054</b>	<b>1,214,111</b>
At 30 September 2019	106,332	135,886	333,639	47,807	15,746	3,225	70,574	44,669	757,878

Depreciation charged is included in the administrative expenses and cost of sales in the statement of profit or loss and other comprehensive income. Property, plant and equipment includes amounts of motor vehicles which the company acquired under finance lease agreements.

Capital work in progress represents plant and equipment items under manufacturing for the upgrade of Oregon plant, the ongoing construction work in Amawbia (Anambra state) and payment made for accounting software (SAP) not yet in use.

The Company's property, plant and equipment have been used as a collateral for borrowings and are secured over the fixed and floating assets of the Company. Reclassification to investment property. Certain classes of assets (land and building) have been reclassified to investment property as a result of change in use.

## 17. Investment properties

At 30 September

### Accumulated depreciation

At 1 October

Charged in the year

### Carrying amount

At 30 September

Software	
2020 N'000	2019 N'000
49,427	-
12,593	-
869	-
13,462	-
35,965	-

Investment property represents Neimeth office complex at 1 Henry car street, Ikeja. The office complex is currently held for lease rental. During the year ended 30 September 2020, the Company obtained N60,000,000 as rental income for a period of 3 years, commencing 1 December 2019. The company recognised N16,666,667 (2019 : Nil) as rental income in the statement of profit or loss and other comprehensive income for the year ended 30 September 2020. The value of N43,333,333 was deferred and will be released to income statement in subsequent year. It is management's intention to continue to keep this property as investment property. The Company is currently using the cost model for recognising the investment property, however its fair value at 30 September 2020 is N408,555,000. The valuation was done by Tope Ojo & Tunde Olonisakin Estate Surveyors & Valuers on 18 and 19 August 2020.

## 18. Inventories

Raw materials

Work in progress

Finished goods

Spare parts

Goods in transit

2020 N	2019 N
726,947	415,075
37,408	56,998
337,205	231,544
20,406	18,896
317,190	50,244
1,439,156	772,757

**18.1** Inventories to the value of N1.439 billion (2019 : N773 million) were carried at net realisable value. No amount is recognised as expense in respect of write down of inventories to net realisable value. No inventories are pledged as security for liabilities.

## 19. Trade and other receivables

Trade receivables

Other receivable (Note 19.1)

Impairments allowance (Note 19.2)

1,708,099	1,613,146
19,802	121,108
1,727,901	1,734,254
(701,816)	(706,396)
1,026,085	1,027,858

### 19.1 Other receivables

	2020 N'000	2019 N'000
Staff loans	20,080	11,352
Receivable from insurance company (Note 19.3.)	-	110,034
Other receivables impairment	(278)	(278)
	<u>19,802</u>	<u>121,108</u>

### 19.2 Impairments allowance; Trade receivable

At 1 October	706,396	697,548
Additional charge during the year	-	8,848
Provision no longer required	(4,580)	-
	<u>701,816</u>	<u>706,396</u>

#### At 30 September

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

**19.3** This amount represents receivable from insurance company in respect of fire incident that gutted the company's warehouse at Oregon. However, this amount has been received in the current year.

### 20. Other assets

Prepayments	25,971	30,007
Withholding tax receivable	22,000	21,523
Advance payment to suppliers	25,091	4,070
Replaceable stocks (Note 20.1.)	18,167	18,167
	<u>91,229</u>	<u>73,767</u>

**20.1** Replaceable stocks represents finished product bought for sale by Neimeth, but rejected due because the products supplied failed quality test. However, the seller of the products has been notified and has agreed to replace the products. The products are being replaced in batches. The outstanding represents the value of the products yet to be replaced at year end.



	2020 N'000	2019 N'000
<b>21. Cash and cash equivalents</b>		
<b>21.1 Cash and cash equivalents as per statement of financial position</b>		
Cash in hand	60	14
Cash in banks	2,634,754	121,526
	<u>2,634,814</u>	<u>121,540</u>
<b>21.2 Cash and cash equivalents as per statement of cash flow</b>		
<b>Cash and cash equivalents</b>		
Cash and bank balances (Note 21.1)	2,634,814	121,540
Bank overdrafts (Note 22.4)	-	(47,748)
	<u>2,634,814</u>	<u>73,792</u>
<b>22. Borrowings</b>		
<b>Term loans</b>		
At 1 October	719,610	645,898
Addition in the year	2,787,340	-
Accrued interest on debenture	54,701	40,733
Repayment during the year	-	(538)
Exchange loss	192,137	33,517
	<u>3,753,788</u>	<u>719,610</u>
Other loan (Note 22.3)	164,955	159,270
	<u>3,918,743</u>	<u>878,880</u>
<b>At 30 September</b>		
<b>Analysis by maturity:</b>		
<b>22.1 Current</b>		
Bank of Industries (Note 22.2.3)	24,432	-
CBN Intervention Fund (Note 22.2.2)	5,428	-
Daewoo Securities (Europe) Limited (Note 22.2.1)	966,448	719,610
Accrued interest on other loan (Note 22.3)	11,304	5,619
	<u>1,007,612</u>	<u>725,229</u>
<b>Non-current:</b>		
Bank of Industries (Note 22.2.3)	720,958	-
CBN Intervention Fund (Note 22.2.2)	2,036,522	-
	<u>2,757,480</u>	<u>-</u>
Other loan (Note 22.3)	153,651	153,651
	<u>2,911,131</u>	<u>153,651</u>
	<u>3,918,743</u>	<u>878,880</u>

## 22.2 Analysis of Term loans

	2020 N'000	2019 N'000
Daewoo Securities (Europe) Limited (Note 22.2.1)	966,448	719,610
Bank of Industries (Note 22.2.3)	745,390	-
CBN Intervention Fund (Note 22.2.2)	2,041,950	-
	<b>3,753,788</b>	719,610
Other loan (Note 22.3)	164,955	159,270
	<b>3,918,743</b>	878,880

### 22.2.1 Daewoo Securities (Europe) Limited

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

The outstanding balance of JPY 268,803,839 (comprising principal of JPY 140million, interest JPY 129 million) has been translated at Central Bank of Nigeria (CBN) ruling rate as at 30 September, 2020.

### 22.2.2 CBN Intervention Fund

This represents N2.4 billion CBN Intervention Funds. Utilisation is made up of N2 billion which is to be used to part finance the establishment of a new WHO Complaint cGMP Pharmaceuticals factory at Amawbia, Anambra State, while N400million is to be used to augment the company working capital requirement at interest rate of 5% per annum and to matured on 28 February 2021. Thereafter, interest will revert to 9% per annum from 1 March 2021.

### 22.2.3 Bank of Industries (BOI)

This consists of multiple loan facility of N750 million from BOI on 24 December 2019, comprising of a term loan of N500 million and a working capital facility of N250 million required to purchase items of equipment and raw materials for the manufacturing of pharmaceutical products at Neimeth factory at Oregon. Repayment for the term loan is 48 equal and consecutive monthly instalments of N10,416,666.67 commencing immediately after the moratorium period of 12 months. For the working capital facility component of the loan facility, thirty (30) equal and consecutive Monthly instalments of N8,333,333.33.

## 22.3 Other loan

	2020 N'000	2019 N'000
At 1 October	159,270	179,834
Addition during the year	-	-
Accrued Interest	11,304	5,629
Accrued Interest paid	(5,619)	(26,193)
Repayment in the year		
At 30 September	<b>164,955</b>	159,270

Other loan represents amount received from directors and their company's as indicated in Note

22.3.1 below. The loan attracts 14% interest per annum.

### 22.3.1 Related Party Transaction

			2020	2019
Related Party	Relationship	Nature of Transaction	Amount	Amount
			N'000	N'000
1. Alpha Pharmacy & Stores Ltd	<b>Sir. I. T. Onyechi</b> - Director in Alpha Pharmacy Stores	Loan	38,758	<b>38,320</b>
2. Dr. A. B. C. Orjiako	Director	Loan	62,771	<b>62,140</b>
3. Mr Emmanuel Ekunno	Former Director	Loan	1,049	<b>1,036</b>
4. Fall River Production Ltd	<b>Mr. T. T. Osobu</b> - Director in Fall River Prod. Ltd	Loan	10,461	<b>10,357</b>
5. Engr. Godwin E. Omene	Director	Loan	2,088	<b>2,071</b>
6. Bio Resources Institute of Nigeria	<b>Prof. M. M. Iwu</b> - Director in Bio Resources Inst.	Loan	49,813	<b>45,346</b>
			<b>164,940</b>	159,270

### 22.4 Current borrowings

Bank overdraft (Note 22.4.1)	-	47,748
Import finance facilities (Note 22.4.2)	-	53,311
CBN Intervention Fund (current) (Note 22.4.4)	<b>299,510</b>	-
	<b>299,510</b>	<b>101,059</b>

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

### 22.4.2 Import finance facilities

At 1 October	<b>53,311</b>	64,367
Additions in the year	<b>221,293</b>	463,166
Repayment during the year	<b>(274,604)</b>	(474,222)
At 30 September	-	<b>53,311</b>

**22.4.2** \$800,000.00 Import Finance Facility, obtained from Fidelity Bank Plc to finance the establishment of LC's for the importation of raw materials, available in both naira and dollar. The tenor is 365 days (each Letter of Credit has 120-day cycle with rollover option for 30 days) at an interest rate of 21% per annum.

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

1. All asset Debenture over fixed and floating assets of the company.



	2020 N'000	2019 N'000
<b>23.2. Defined contribution plan</b>		
At 1 October	12,506	19,320
Provision for the year	51,347	54,556
Payment during the year	<u>(43,208)</u>	<u>(61,370)</u>
At 30 September	<u>20,645</u>	<u>12,506</u>
<b>24 Define benefit obligation</b>		
At 1 October	29,410	56,851
Payment	<u>(7,562)</u>	<u>(27,441)</u>
At 30 September	<u>21,848</u>	<u>29,410</u>

**24.1** The company's retirement benefit obligation is on a winding down basis. The company discontinued the gratuity in 2007 and only employees who are entitled to gratuity as at 2007 are qualified to benefit from the scheme and is to be paid whenever they disengage from the service of the company.

## 25. Maturity profile of financial liabilities

	Due within			Total N'000
	Below one year N'000	One - five years N'000	Five years and above N'000	
<b>2020</b>				
Loans and borrowings	1,007,612	2,911,131	-	3,918,743
Trade and other payables	691,816	-	-	691,816
Finance lease obligation	<u>6,358</u>	<u>-</u>	<u>-</u>	<u>6,358</u>
	<u>1,705,786</u>	<u>2,911,131</u>	<u>-</u>	<u>4,616,917</u>
<b>2019</b>				
Loans and borrowings	725,229	153,651	-	878,880
Trade and other payables	465,625	-	-	465,625
Finance lease obligation	<u>20,362</u>	<u>-</u>	<u>-</u>	<u>20,362</u>
	<u>1,211,216</u>	<u>153,651</u>	<u>-</u>	<u>1,364,867</u>

	2020 N'000	2019 N'000
<b>26. Current tax liability</b>		
At 1 October	93,400	61,370
Payment in the year	(42,933)	(14,065)
Charge for the year (Note 28)	<u>143,253</u>	<u>46,095</u>
At 30 September	<u>193,720</u>	<u>93,400</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.

	2020 N'000	2019 N'000
<b>27. Deferred tax liability</b>		
At 1 October	93,046	54,849
Charge for the year	(58,342)	38,197
<b>At 30 September</b>	<b>34,704</b>	<b>93,046</b>

#### 27.1 Deferred tax assets and liabilities

Reconciliation of deferred tax assets and liabilities.

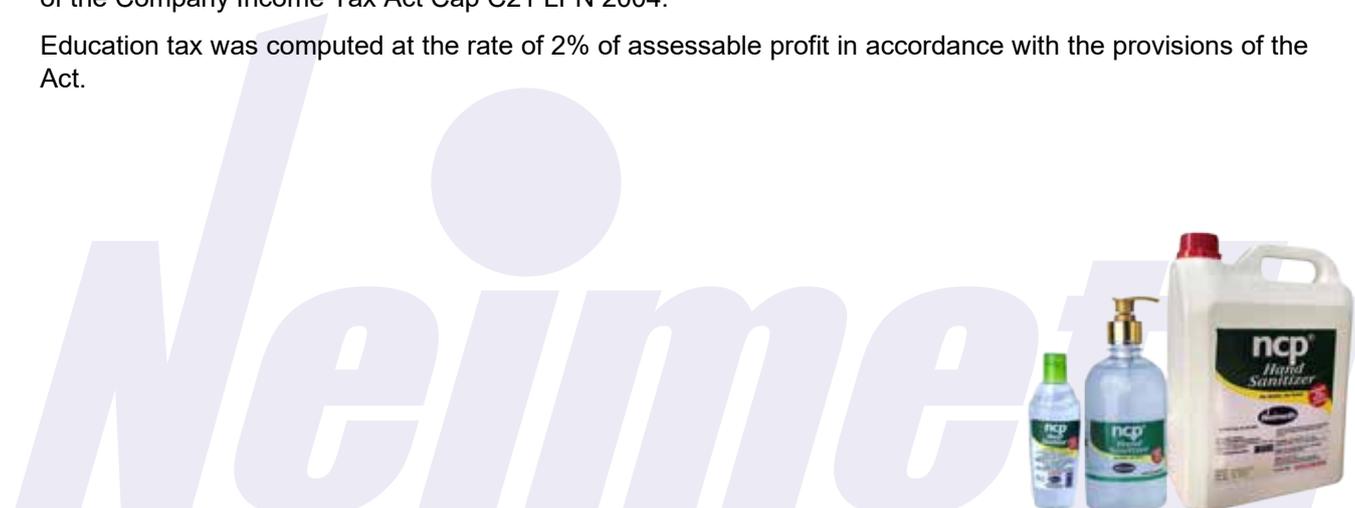
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Property, plant and equipment		-	91,119	105,440	(14,321)	105,440
Exchange loss/(gain)	(56,416)	(9,740)	-	-	(46,676)	(9,740)
Provisions/unrecouped loss/capital allowance		(2,654)	-	-	2,654	(2,654)
Tax liability carried forward	(56,416)	(12,394)	91,119	105,440	34,703	93,046
Tax liability brought forward	-	-	93,046	-	93,046	54,849
Movement in deferred tax (asset)/liability	<u>(56,416)</u>	<u>(12,394)</u>	<u>184,165</u>	<u>105,440</u>	<u>(58,343)</u>	<u>38,197</u>

	2020 N'000	2019 N'000
<b>28. Current tax</b>		
Income/Minimum tax	132,001	37,116
Education tax	11,253	8,979
Deferred taxation (Note 27)	143,254 (58,342)	46,095 38,197
As per statement of profit or loss and other comprehensive income	<b>84,912</b>	<b>84,292</b>

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

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



	2020 N'000	2019 N'000
<b>28.1 Reconciliation of effective tax rate</b>		
The tax expense for the year is reconciled to the profit/(loss) for the year as follows:		
<b>Profit before tax</b>	<b>297,388</b>	<b>304,439</b>
Tax thereon @ 30%	89,216	91,332
Deductible items	79,588	43,355
Capital allowance	(36,803)	(97,571)
Education tax	11,253	8,979
Deferred tax effect	(58,342)	38,197
Tax expense for the year	<b>84,912</b>	<b>84,292</b>
<b>Profit after tax</b>	<b>212,475</b>	<b>220,147</b>
	%	%
<b>28.2 The tax rate is reconciled to the effective tax rate as follows:</b>		
Tax rate	30	30
Deductible items	27	14
Capital allowance	(12)	(32)
Education tax	4	5
Deferred tax effect	(20)	13
Total effective tax rate	<b>29</b>	<b>30</b>
	N'000	N'000
<b>29. Finance lease obligation</b>		
At 1 October	20,362	50,474
Addition	-	-
Repayment in the year	(14,004)	(30,112)
<b>At 30 September</b>	<b>6,358</b>	<b>20,362</b>
<b>Analysed into:</b>		
Current portion	6,358	20,362
Non-current portion	-	-
	<b>6,358</b>	<b>20,362</b>

This relates to lease obtained on Motor Vehicle classified as assets under finance lease included in property, plant and equipment.



	<b>2020</b> <b>N'000</b>	2019 N'000
<b>30. Ordinary shares</b>		
<b>30.1 Authorised:</b>		
2,000,000,000 ordinary shares of 50k each	<u><b>1,000,000</b></u>	<u>1,000,000</u>
<b>30.2 Issued and fully paid:</b>		
At 1 October	<b>949,579</b>	863,254
Bonus issue transfer from share premium	<u>-</u>	<u>86,325</u>
<b>At 30 September</b>	<u><b>949,579</b></u>	<u>949,579</u>
1,899,158,000 ordinary shares (2019: 1,899,158,000 ordinary shares @ 50k each)		
<b>30.3 Share premium</b>		
At 1 October	<b>1,020,603</b>	1,113,889
Bonus issue transfer to ordinary shares	-	(86,325)
Bonus issue cost	-	(6,961)
Transfer to reserve (Note 30.4)	<b>(898,164)</b>	-
Capital restructuring expenses (Note 30.5)	<u><b>(9,833)</b></u>	<u>-</u>
<b>At 30 September</b>	<u><b>112,606</b></u>	<u>1,020,603</u>

**30.4** The shareholders at the Annual General Meeting on 5 March, 2020 approved the reduction of the share premium of the Company by N898,164,000 from N1,020,603,000 to N122,439,000 and the amount by which the share premium account is so reduced be credited to a capital restructuring reserve account.

The reduction in share premium was subsequently approved by the court and other regulatory authorities, including Securities and Exchange Commission (SEC) and the Financial Reporting Council of Nigeria.

**30.5** This represent probate services, postage and other related expenses incurred to achieve capital restructuring programmes.

	<b>2020</b> <b>N'000</b>	2019 N'000
<b>31. Retained earnings</b>		
At 1 October	<b>(898,164)</b>	(1,118,311)
Profit for the year	<b>212,476</b>	220,147
Transfer from share premium (Note30.3)	<u><b>898,164</b></u>	<u>-</u>
<b>At 30 September</b>	<u><b>212,476</b></u>	<u>(898,164)</u>

For the current year, the Directors proposed a dividend 6.5 kobo (2019 : Nil) per 50k share held as at 30 September 2020. This is subject to shareholders' ratification. No provision would be made for dividend until ratification at the Annual General Meeting. The payment of this dividend is subject to withholding tax at appropriate rate.

### 32 Basic earnings per share

Earnings per share (basic) have been computed for each year on the profit after tax attributable to ordinary shareholders and divided by the number of issued and fully paid up 0.50 kobo ordinary shares during the year.

	2020 N'000	2019 N'000
Profit after taxation	<u>212,476</u>	<u>220,147</u>
Number of shares	<u>1,899,158</u>	<u>1,899,158</u>
Earnings per share (kobo)	<u>11</u>	<u>12</u>

### 33. Information regarding directors and employees

#### 33.1 Directors' emoluments

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

Fees:

- Chairman	500	500
- Other Directors	3,300	2,800
- Sitting allowance	400	400
Emolument of executive directors	<u>62,740</u>	<u>48,401</u>

66,940

52,101

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

Chairman	<u>500</u>	<u>500</u>
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Highest paid director	<u>28,820</u>	<u>28,342</u>
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#### 33.3 Scale of directors' remuneration

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

N	N	Number	Number
Below	- 10,000,000	-	-
10,000,001	- 12,500,000	3	3
Above	12,500,001	-	-
		<u>3</u>	<u>3</u>

The number of directors who received emoluments	<u>4</u>	<u>4</u>
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The number of directors who did not receive emoluments	<u>8</u>	<u>8</u>
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	2020 N'000	2019 N'000
<b>33.4 Personnel compensation</b>		
Personnel compensation comprised:		
Short-term employee benefits	566,802	391,435
Contribution to compulsory pension fund scheme	-	28,013
	<u>566,802</u>	<u>419,448</u>
<b>Analysis by function:</b>		
Production	203,737	162,155
Marketing and distribution	196,839	103,670
Administration	166,226	153,623
	<u>566,802</u>	<u>419,448</u>
	<b>Number</b>	<b>Number</b>
<b>33.5 The average number of persons employed during the year by category:</b>		
Management	49	41
Senior staff	93	77
Junior staff	54	48
	<u>196</u>	<u>166</u>
<b>33.6 Scale of employees' remuneration</b>		
<b>N</b>	<b>N</b>	
Below -	250,000	-
250,001 -	500,000	-
500,001 -	750,000	49
750,001 -	1,000,000	43
1,000,001 -	1,250,000	25
1,250,001 -	1,500,000	9
Above	1,500,001	70
		<u>52</u>
		<u>196</u>
		<u>166</u>

### 34. Financial commitments

The Directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of these financial statements. These liabilities are relevant in assessing the Company's state of affairs.

### 35. Capital commitments

The Directors are of the opinion that there were no capital commitments at 30 September 2020 (2019 - Nil).

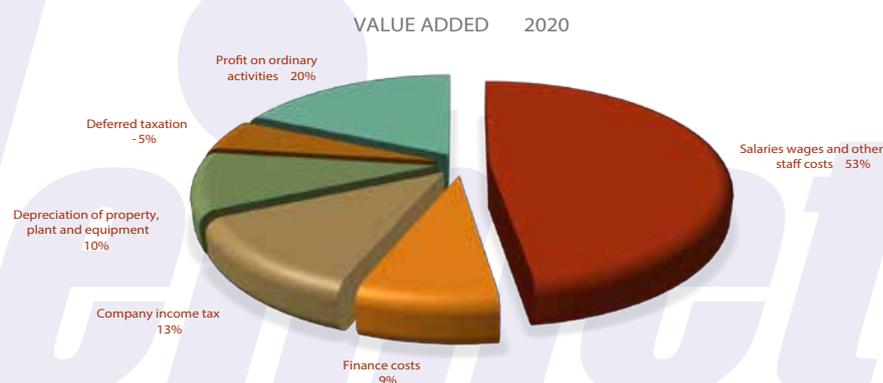
### 36. Contingent liabilities

The Company is subject to various pending litigations arising in the normal course of business. The contingent liabilities in respect of pending litigations based on the response received from the company solicitors' was N81,974,705.63 as at 30 September 2020 (2019 : N82,004,706). In the opinion of the directors and based on the response obtained from the legal adviser, the company is of the opinion that no payment will be made in respect of pending litigations.

	2020 N'000	%	2019 N'000	%
Turnover	2,839,119		2,371,311	
Other income	29,285		2,548	
	<b>2,868,404</b>		<b>2,373,859</b>	
Cost of goods and services - local	(696,026)		(572,975)	
Cost of goods and services - foreign	(1,101,592)		(968,055)	
<b>Value added</b>	<b>1,070,786</b>	<b>100</b>	<b>936,290</b>	<b>100</b>
<b>Applied as follows:</b>				
<b>To pay employees:</b>				
Salaries wages and other staff costs	566,802	53	419,449	45
<b>To providers of capital:</b>				
Finance costs	95,873	9	108,942	12
<b>To pay Government:</b>				
Company income tax	143,254	13	46,095	5
<b>To provide for assets replacement:</b>				
Depreciation of property, plant and equipment	110,723	10	103,461	11
<b>Retained for future expansion:</b>				
- Deferred taxation	(58,342)	(5)	38,197	4
- Profit on ordinary activities	212,476	20	220,147	24
<b>Value added</b>	<b>1,070,786</b>	<b>100</b>	<b>936,290</b>	<b>100</b>

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

## 2020 VALUE ADDED STATEMENT

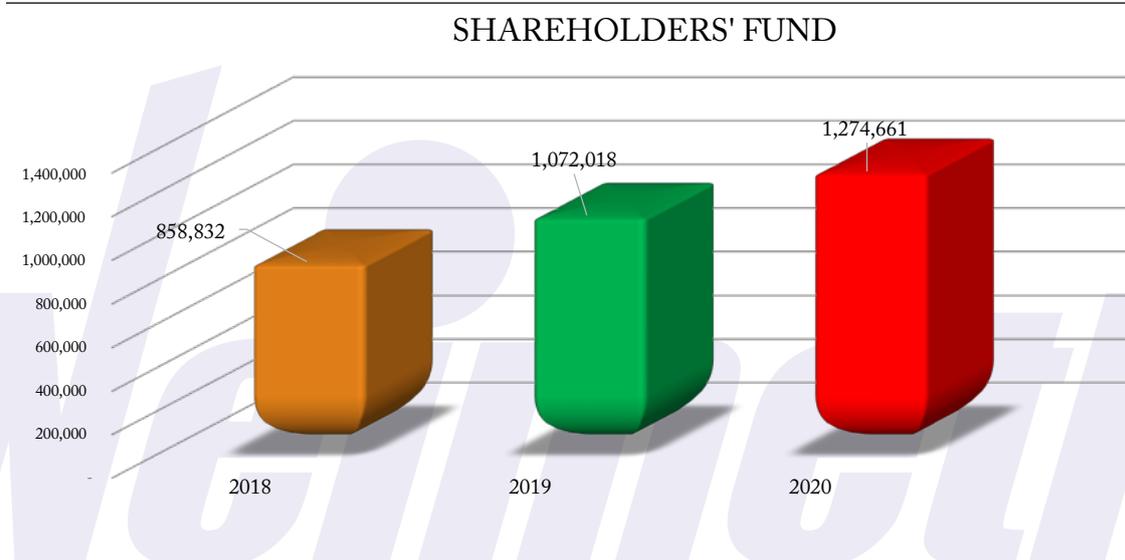
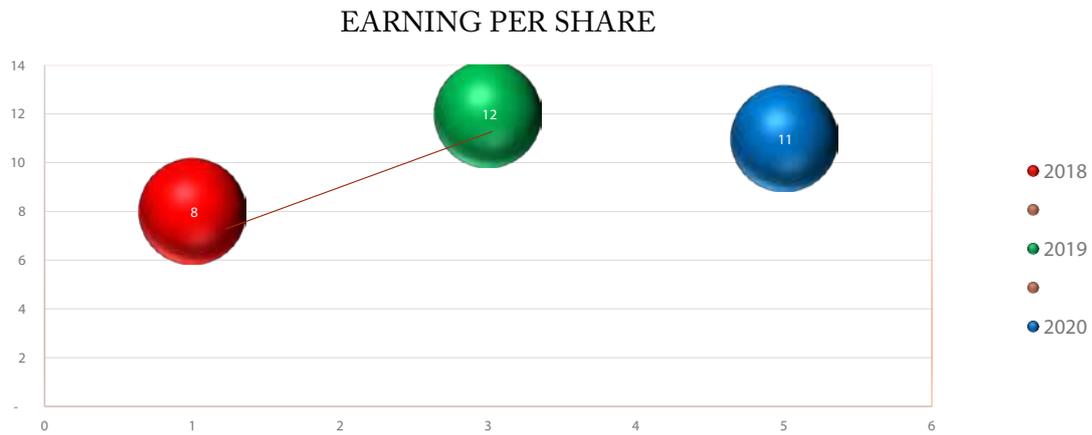
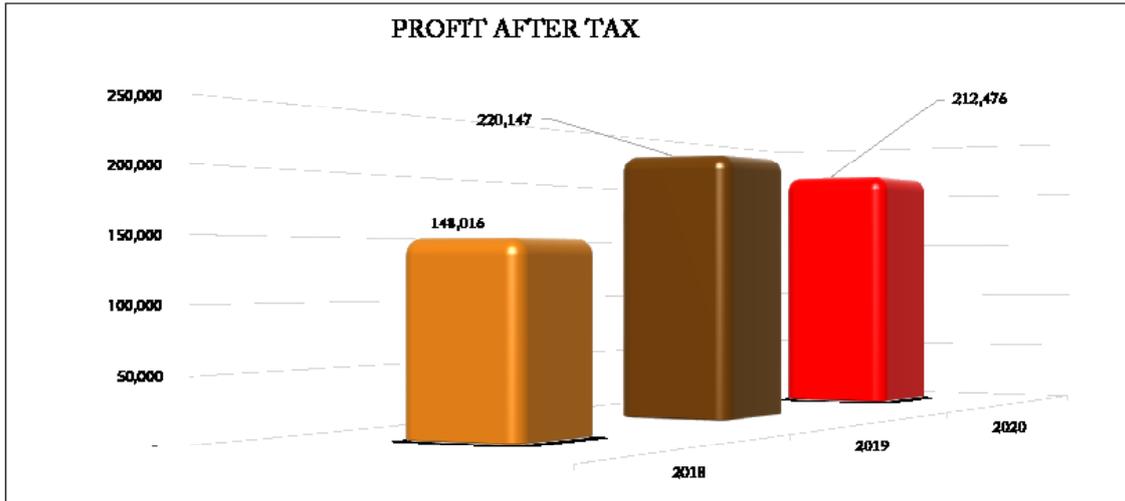


	2020 N'000	2019 N'000	2018 N'000 *Restated	2017 N'000 *Restated	2016 N'000
<b>Statement of financial position</b>					
Property, plant and equipment	1,214,111	757,878	714,377	568,933	503,173
Intangible assets	-	-	-	24,765	-
Investment property	35,965	-	-	-	-
Net current assets	2,970,420	560,837	390,665	400,769	1,042,729
Non current liabilities	(2,945,835)	(246,697)	(246,210)	(279,754)	(323,484)
<b>Net assets</b>	<b>1,274,661</b>	<b>1,072,018</b>	<b>858,832</b>	<b>714,713</b>	<b>1,222,418</b>
<b>Equity and reserves</b>					
Ordinary shares	949,579	949,579	863,254	863,254	784,776
Share premium reserve	112,606	1,020,603	1,113,889	1,113,889	1,197,933
Retained earnings/accumulated loss	212,476	(898,164)	(1,118,311)	(1,262,430)	(760,291)
<b>Total equity and reserves</b>	<b>1,274,661</b>	<b>1,072,018</b>	<b>858,832</b>	<b>714,713</b>	<b>1,222,418</b>
<b>Statement of comprehensive income</b>					
<b>Turnover</b>	<b>2,839,119</b>	<b>2,371,311</b>	<b>2,269,004</b>	<b>1,534,003</b>	<b>2,001,815</b>
Profit/(loss) before tax	297,388	304,439	166,460	(404,920)	95,361
Taxation	(84,912)	(84,292)	(18,444)	(6,564)	(30,268)
<b>Profit/(loss) for the year</b>	<b>212,476</b>	<b>220,147</b>	<b>148,016</b>	<b>(411,484)</b>	<b>65,093</b>
Other comprehensive income/(loss) for the year	-	-	-	-	-
Total comprehensive income/(loss) for the year	212,476	220,147	148,016	(411,484)	65,093
<b>Per share data:</b>					
Earnings/(loss) per share (kobo) - Basic	11	12	8	(24)	4
Net assets per ordinary share (kobo)	67	56	45	41	78

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.





**UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES**

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

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

**A. DIVIDEND ISSUED**

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

**B. CERTIFICATES ISSUED**

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

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

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

The Registrar  
Meristem Registrars and Probate Services Limited  
213 Hebert Macaulay Way  
Adekunle – Yaba,  
Lagos.

Tel: +234 (1) 2809250

E-mail: [infor@meristemregistrars.com](mailto:infor@meristemregistrars.com)

The Company Secretary  
Neimeth Int'l Pharms. Plc.  
No. 16, Doherty Akanni Layout (Billings Way)  
Oregun,  
Lagos.

Tel: 08033128663, 08030509676

E-mail: [info@neimethplc.com.ng](mailto:info@neimethplc.com.ng)

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





The 62<sup>nd</sup> Annual General Meeting of the members of **Neimeth International Pharmaceuticals Plc** to be held at NECA House Plot A2, Hakeem Balogun Street, Alausa, Ikeja, Lagos on Tuesday 9<sup>th</sup> March 2021 at 11.00 a.m.

I/We\* \_\_\_\_\_

Of \_\_\_\_\_

Being member/members of Neimeth International Pharmaceuticals Plc hereby appoint\*\*

Or failing him, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on 9<sup>th</sup> March 2021 and any adjournment thereof.

Dated this..... day of ..... 2021

Shareholder's Signature.....

**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. This card has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

Provision has been made on this form for any of the listed Directors of the Company to act as your proxy, but if you wish, you may insert in the blank space on the card (marked\*) the name of any of the below listed proposed proxies who will attend and vote on your behalf instead of the Directors.

Please sign the above proxy and post it as to reach the address on the other side not later than 48 hours before the time of holding the meeting. The company will have a ₦50 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

**List of Proposed Proxies:**

- 1. Sir Sunny Nwosu
- 2. Mr. Boniface Okezie
- 3. Mr. Matthew Akinlade
- 4. Mrs. Bisi Bakare
- 5. Pst. Alex Adio
- 6. Mr. Nornah Awoh
- 7. Mr. Patrick Ajudua
- 8. Dr. Anthony Omojola
- 9. Mr. Moses Igbrude
- 10. Chief Robert Igwe
- 11. Mrs. Esther Augustine

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



**ADMISSION CARD**

To the Annual General meeting to be held at 11.00 a.m. on Tuesday, 9<sup>th</sup> March 2021 at Lagos Airport Hotel Limited, 111 Obafemi Awolowo Way, Ikeja, Lagos.

**PLEASE NOTE**

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

Signature of person attending.....

		NUMBER OF SHARES		
	RESOLUTION	FOR	AGAINST	ABSTAIN
1.	Receive the Report of the Directors, the Statement of Financial Position as at September 30th, 2020, 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.	Declare Dividend			
3.	Re-elect as Directors i. Prof. Maurice M. Iwu ii. Sir Ike T. Onyechi iii. Mr. Thomas T. Osobu			
4.	Re-appoint PKF Professional Services as the auditors of the Company and authorize the Directors to fix their remunerations for the ensuing financial year.			
5.	Elect members of the Statutory Audit Committee			
<b>Special Business:</b>				
6.	Approve the remuneration of Directors			
7.	Consider and if thought fit, pass the following resolutions as Special Resolutions:  a) "That the Company raise for subscription, the sum of ₦5,000,000,000 by issuing the appropriate number of shares at a price to be determined by the Issuing House and other relevant regulatory authorities for the purpose of establishing a new plant at Amawbia, Anambra State that meets WHO standard for production of pharmaceutical products"  b) "That the Authorized Share Capital of the Company be increased from ₦1,000,000,000.00 to ₦2,000,000,000.00 by the creation of additional thereunto of 2,000,000,000 Ordinary Shares of 50kobo each, such new shares to rank pari-passu in all respects with the existing shares in the capital of the Company".			
Please indicate with an "X" in the appropriate box for how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.				

SERIAL NUMBER.....

NUMBER OF SHARES.....

**Application Form**

*for e-bonus & e-dividend*

Neimeth International Pharmaceuticals Plc  
(RC: 1557)

Dear Shareholder(s)

**SHAREHOLDER\S 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 and Probate Services 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 and Probate Services 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 AND RETURN TO  
**Meristem Registrars and Probate Services Limited**  
**213, Herbert Macaulay Way**  
**Yaba, Lagos.**  
**Email: info@meristemregistrars.com**

**2021**

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

[Signature/Thumbprint box]

In case of Corporate Shareholder, use company seal.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC  
(RC: 1557)

The Registrar  
Meristem Reigstrars and Probate  
Services Limited  
213, Herbert Macaulay Way,  
Adekunle, Yaba, Lagos.

*Neimeth*

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**Neimeth International Pharmaceuticals Plc**

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

Customer Satisfaction Line: 09032523202

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

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Neimeth International Pharmaceuticals Plc