



**NEIMETH INTERNATIONAL PHARMACEUTICALS PLC**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2022**



## Corporate information

**Tax Identification Number** 01380533-0001

<b>Directors</b>	Dr. A.B.C. Orjiako	Chairman	
	Pharm. M.O Azoji	MD/CEO	(Retiring)
	Mr. G.I. Oputa	Acting MD/CEO	(Appointed 1/4/2022)
	Mrs. R.A Oputa	Executive Director	
	Mrs. T.O. Nelson	Executive Director	
	Mazi S.I. Oluabunwa	Non-Executive Director	
	Engr.G.E.Omene	Non-Executive Director	(Resigned 4/4/2022)
	Prof. E.N. Sokomba	Non-Executive Director	
	Pof.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		

**Company Secretary** Mrs. F.I.Onyenekwe

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

**Auditors** BDO Professional Services  
ADOL House  
15 CIPM Avenue  
Central Business District  
Alausa, Ikeja  
Lagos

**Registrars** Meristem Registrars and Probate Services Limited  
213, Herbert Macaulay Way  
Adekunle  
Yaba  
Lagos

**Legal Adviser/Solicitor** Chris O. Omolabi & Associates  
REALS PLAZA, 1, Junaid Dosunmu Street  
Off Hakeem Balogun Street,CBD, Alausa  
Ikeja  
Lagos

**Bankers** Providus Bank Plc  
Access Bank Plc  
First Bank of Nigeria Limited  
Guaranty Trust Bank Limited  
Fidelity Bank Plc  
Sterling Bank Plc  
United Bank for Africa Plc  
Zenith Bank Plc

The Companies and Allied Matters Act, 2020, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of the profit or loss for the year ended 31 December 2022, and in so doing they ensure that:

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

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, 2020.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

  
\_\_\_\_\_  
Mr. Gerald Jeoma Oputa  
Acting Managing Director  
\_\_\_\_\_  
Dr. A.B.C. Orjiako  
Chairman

In line with the provisions of Section 405 of the Companies and Allied Matters Act, 2020; we have reviewed the audited financial statements of the Company for the period ended 31 December 2022 and based on our knowledge confirm as follows:

- a) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;
- b) the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operations of the Company as at and for the period ended 31 December 2022.
- c) the Company's internal controls have been designed to ensure that all material information relating to the Company is received and provided to the Auditors in the course of the audit.
- d) the Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as at 31 December 2022.
- e) that we have disclosed to the Auditors that there are no significant deficiencies in the design or operations of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the Auditors any weaknesses in internal controls observed in the course of the Audit
- f) that we have disclosed to the Auditors that there is no fraud involving management or other employees who have significant role in the Company's internal control; and
- g) there are no significant changes in internal controls or in other factors which could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses



Mrs. Temitayo O. Nelson  
Executive Director-Finance

  
Mr. Gerald Neoma Oputa  
Acting Managing Director

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF NEIMETH INTERNATIONAL PHARMACEUTICALS PLC REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

We have audited the financial statements of Neimeth International Pharmaceuticals Plc which comprise, the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the period then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011 and the Companies and Allied Matters Act, 2020.

### **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 Auditors' 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 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 International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

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.

### **Valuation of Trade receivables- Expected Credit Loss**

#### **Risk**

The Company is exposed to credit risk arising from the Company's trade receivables. 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. The ECL model involves the application of considerable level of judgements and estimation in determining inputs which are derived from historical records obtained within and outside the Company in formulating the financial model. The model also requires assumptions in the estimation of forward looking macro-economic variables in computing the probability of default (PD). The appropriateness of impairment calculation for long overdue debts which require significant management's judgements and assumptions, makes it a key audit matter

### **Our response**

Our audit procedures in response to the risk included, amongst others:

- Assessed and tested the design and operating effectiveness of the controls over impairment calculations
- Reviewed the age analysis of trade receivables and internal controls over recoverability of receivables
- 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 the Company operates
- 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
- Evaluated the accounting principles underlying revenue recognition which form the basis for the recognition of trade receivables

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's statement and Directors' report, but does not include the financial statements and our auditors' 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 during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, 2020 and for such internal control as the directors determine is 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting processes

**Auditors' 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 a 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- \* 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.
- \* 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.
- \* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

\* Conclude on the appropriateness of directors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

\* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


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

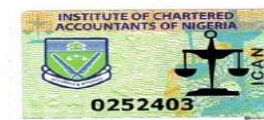
#### **Report on other legal and regulatory requirements**

The Companies and Allied Matters Act, 2020 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, and
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

**Lagos, Nigeria  
30 March 2023**

  
**Olusegun Agbana-Anibaba**  
**FRC/2013/ICAN/00000003667**  
**For: BDO Professional Services**  
**Chartered Accountants**



NEIMETH INTERNATIONAL PHARMACEUTICALS PLC  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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		15 month period to 31 December 2022 N'000	12 month period to 30 September 2021 N'000
	Note		
Revenue	8	3,649,153	3,046,661
Cost of sales	9	<u>(2,323,543)</u>	<u>(1,601,458)</u>
<b>Gross profit</b>		1,325,610	1,445,203
Other income	10	197,453	202,023
Marketing and distribution expenses	11	(755,765)	(579,696)
Administrative expenses	12	(782,779)	(513,937)
Exchange gain/(loss)	13	<u>2,429</u>	<u>(93)</u>
<b>Operating (loss)/profit</b>		(13,052)	553,500
Finance costs	14	<u>(375,002)</u>	<u>(188,216)</u>
(Loss)/profit before taxation		(388,054)	365,284
Income tax expense	28	<u>(18,245)</u>	<u>(94,708)</u>
<b>(Loss)/profit for the period/year</b>		<u>(406,299)</u>	<u>270,576</u>
<b>Other comprehensive income</b>			
Items that will be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/profit</b>		<u><u>(406,299)</u></u>	<u><u>270,576</u></u>
Basic (loss)/earnings per share (kobo)	32	<u><u>(21)</u></u>	<u><u>14</u></u>

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



**NEIMETH INTERNATIONAL PHARMACEUTICALS PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2022**

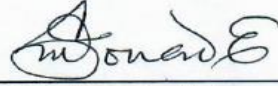
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		31 December 2022 N'000	30 September 2021 N'000
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	2,855,148	1,411,998
Investment properties	17	34,010	35,096
		<u>2,889,158</u>	<u>1,447,094</u>
<b>Current assets</b>			
Inventories	18	1,719,150	1,464,421
Trade and other receivables	19	1,391,841	1,276,208
Other current assets	20	62,984	61,708
Cash and cash equivalents	21.1	448,370	2,025,239
		<u>3,622,345</u>	<u>4,827,576</u>
<b>Total assets</b>		<u>6,511,503</u>	<u>6,274,670</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	1,266,150	793,525
Current borrowings	22.4	-	13,565
Current portion of long term borrowings	22.1	2,157,910	1,099,734
Current tax payable	26	86,769	135,726
Deferred fair value gain on loan	23.1	119,041	76,926
		<u>3,629,870</u>	<u>2,119,476</u>
<b>Non-current liabilities</b>			
Non-current portion of long term borrowings	22.1	1,487,426	1,932,727
Deferred fair value gain on loan	23.2	509,213	702,174
Deferred tax liability	27	106,226	106,226
		<u>2,102,865</u>	<u>2,741,127</u>
<b>Total liabilities</b>		<u>5,732,735</u>	<u>4,860,603</u>
<b>Net assets</b>		<u>778,768</u>	<u>1,414,067</u>
<b>Equity</b>			
Ordinary share capital	30.2	949,579	949,579
Share premium	30.3	8,821	104,880
Retained earnings	31	(179,632)	359,608
<b>Total equity</b>		<u>778,768</u>	<u>1,414,067</u>

These financial statements were approved and authorised for issue by the Board of Directors on 29 March 2023 and signed on its behalf by:

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

  
**Mr. Gerald Ijeama Oputa**  
Managing Director / CEO  
FRC/2023/PRO/DIR/003/581462

  
**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.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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	Ordinary share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 October 2020	949,579	112,606	212,477	1,274,662
Changes in equity the year				
Profit for the year	-	-	270,576	270,576
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	-	270,576	270,576
Dividend declared and paid	-	-	(123,445)	(123,445)
Transaction costs for equity issue	-	(7,726)	-	(7,726)
At 30 September 2021	949,579	104,880	359,608	1,414,067
At 1 October 2021	949,579	104,880	359,608	1,414,067
Changes in equity for the period				
Loss for the period	-	-	(406,299)	(406,299)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(406,299)	(406,299)
Dividend declared and paid	-	-	(132,941)	(132,941)
Transaction costs for equity issue	-	(96,059)	-	(96,059)
At 31 December 2022	949,579	8,821	(179,632)	778,768

**NEIMETH INTERNATIONAL PHARMACEUTICALS PLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2022**

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		15 month period to 31 December 2022 N'000	12 month period to 30 September 2021 N'000
<b>(Loss)/profit for the period/year</b>		(406,299)	270,576
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	16	143,867	107,065
Adjustment on PPE	16	-	247
Depreciation of investment properties	17	1,086	869
Gain or loss on disposal	10	-	(4,857)
Impairment loss on trade receivables	19.2	56,499	59,030
Provision no longer required	10	-	(57,343)
Finance costs	14	375,002	188,216
Exchange loss	13	-	93
Income tax expenses	28	18,245	23,186
		<u>188,400</u>	<u>587,082</u>
<b>Changes in:</b>			
Increase in inventories		(254,729)	(25,265)
Increase in trade receivables		(172,132)	(309,153)
(Increase)/decrease in other assets		(1,276)	29,521
Increase in trade and other payables		472,625	79,862
Decrease in finance lease liability		-	(6,358)
Increase in deferred tax liability		-	71,522
		<u>232,888</u>	<u>427,211</u>
Cash generated from operating activities			
Income tax paid	26	(67,202)	(81,180)
<b>Net cash generated from operating activities</b>		<u>165,686</u>	<u>346,031</u>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	16	(1,587,017)	(344,068)
Proceed from disposal of property, plant and equipment	10.1	-	4,857
<b>Net cash used in investing activities</b>		<u>(1,587,017)</u>	<u>(339,211)</u>
<b>Cash flows from financing activities</b>			
Repayment of loans	22&22.3	(2,360,607)	(334,284)
Borrowings obtained	22	2,803,833	-
Finance cost paid	14	(351,909)	(174,604)
Dividend paid	31	(132,941)	(123,445)
Right issue/capital restructuring cost	30.3	(96,059)	(7,726)
<b>Net cash outflow from financing activities</b>		<u>(137,683)</u>	<u>(640,059)</u>
Effect of exchange rate changes on cash and cash equivalents		(4,290)	10,099
Net decrease in cash and cash equivalents		(1,559,014)	(633,239)
Cash and cash equivalents at 1 October		2,011,674	2,634,814
<b>Cash and cash equivalents at 31 December</b>	21.2	<u>448,370</u>	<u>2,011,674</u>

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 Exchange Limited (NGX) was incorporated on 30 August 1957 as a limited liability company and commenced operations 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 period ended 31 December 2022 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, 2020. 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).

## FINANCIAL STATEMENTS, 31 DECEMBER 2022

## NOTES TO THE FINANCIAL STATEMENTS

## 2.5 New standards, interpretations and amendments adopted from 1 January 2022

New standards effective for adoption in the annual financial statements for the period ended 31 December 2022 but had no significant effect or impact on the Company are:

Standard/Interpretation		Date issued by IASB	Effective date
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	14 May 2020	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	14 May 2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	14 May 2020	1 January 2022
IFRS 3	Reference to the Conceptual Framework	14 May 2020	1 January 2022

## 2.5.1 New standards, amendments and interpretations issued but not yet effective

The following are the new standards and interpretations that have been issued, but are not mandatory for the financial period ended 31 December 2022. They have not been adopted in preparing the financial statements for the period ended 31 December 2022.

Standard/Interpretation		Date issued by IASB	Effective date
IAS 1	Classification of liabilities as current or non-current	23 January 2020	1 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	12 February 2021	1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	12 February 2021	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction (Amendments to IAS 12)	7 May 2021	1 January 2023
IAS 1	Non-current Liabilities with covenants	31 October 2022	1 January 2024
IAS 16	Lease Liability in a sale and Leaseback (Amendments to IFRS 16)	22 September 2022	1 January 2024
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	1 June 2020	1 January 2023

\*All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the Entity).

### 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 assets 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 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 <sup>1</sup> / <sub>3</sub>

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 date.

#### **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 while its 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 its 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 date 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 flows 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 instruments 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 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 measured at fair value through profit or loss, less provision for impairment. Impairment thereon are computed using the simplified IFRS 9 ECL Model, where the receivables are aged and probability of default applied on each aged bracket. Trade receivables meet the definition of financial assets and the carrying amount of the trade receivables approximates their fair values.

### **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.

### **3.10.2 Deferred fair value gain on loans**

Deferred fair value gain on loans are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the gains will be received. Deferred fair value gain on loans are recognised in profit or loss on a systematic basis over the years in which the Company recognises as expenses the related costs for which the gains are intended to compensate. Specifically, deferred fair value gain on loans whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. The amount recognised as deferred fair value gain on loan is recognised in profit or loss over the year the related expenditure is incurred.

Deferred fair value gain on loans that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the year in which they become receivable. The benefit of a deferred fair value gain on loans at a below-market rate of interest is treated as a deferred fair value gain on loans, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and it is amortised over the life span of the loan.

### **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 benefits 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 been previously recognised.

### **3.13.3 Termination benefit**

Termination benefits 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 date 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 financial assets through OCI 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 date, taking into account the risks and uncertainties surrounding the obligation.

### **3.16 Revenue recognition**

#### **3.16.1 Identification of contracts**

Every revenue from contracts with customers begins with identification of a contract which can either be written, oral or implied by the company's business practices and should meet all the following criteria:

- (a) The contract must have commercial substance.
- (b) The contract must be approved by all parties to the contract.
- (c) Each party's rights regarding products to be transferred can be identified.
- (d) The payment terms for products to be transferred can be identified.
- (e) Each party is committed to perform their obligation.
- (f) It is probable that the company will collect the consideration to which it is entitled.

### 3.16.2 Performance obligation and timing of revenue recognition

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of the Company's activities and is stated net of value-added tax (VAT). The Company derived revenue principally from the manufacturing and marketing of pharmaceutical and animal health products. Revenue is recognised at a point in time when control of goods has transferred, being when the products are delivered to the customers (end users). Delivery occurs when the products have been shipped to the specific location and the control has been transferred and evidence of delivery received from the customers and the Company has objective evidence that all criteria for acceptance have been satisfied. No sales are reported if control of the goods has not been transferred to the customers.

### 3.16.3 Determining the transaction price

Most of the Company's revenue is derived from fixed price contract and the amount of revenue to be earned from each contract is determined by reference to those fixed prices. The Company has full discretion over the price to sell the products.

### 3.16.4 Allocating amounts to performance obligation

For most contracts, there is a fixed unit price for each of the product sold. There is no judgement involved in allocating the contract price to each unit ordered in such contract (It is the total contract price divided by the number of units ordered), Where a customer orders more than one item, the Company is able to determine the split of the total contract price between each product by referencing to each product's stand alone selling prices.

### 3.16.5 Revenue recognition

Revenue is recognised when the Company satisfies performance obligation. Satisfaction occurs when the Company transfers control of products to the customers. Control is the ability to direct the use and obtain substantially all of the remaining benefits from an asset.

## 3.17 Foreign currencies

### Foreign currency transactions

Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Non-monetary 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 FVOCI financial assets**

The Company determines that FVOCI 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 flows. 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:**

- Residual values of items of property, plant and equipment.
- Estimated useful lives of item of property, plant and equipment.
- Allowance for obsolete stock.
- 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.

- To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.
- 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.
- To retain financial flexibility by maintaining strong liquidity.
- To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.
- 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:

	31 December 2022 N'000	30 September 2021 N'000
<b>Financial assets</b>		
Trade and other receivables	1,391,841	1,276,208
Cash and cash equivalents	448,370	2,025,239
	<u>1,840,211</u>	<u>3,301,447</u>
<b>Ageing of past due receivables:</b>		
0 - 90 days	23,695	16,951
91 - 180 days	63,346	23,961
181 - 270 days	36,747	2,248
271 - 365 days	15,814	714
Over 365 days	677,743	716,972
	<u>797,345</u>	<u>759,846</u>
<b>Total</b>	<u>817,345</u>	<u>760,846</u>

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 share capital, share premium and retained earnings).

The debt-to-capital ratios at 31 December 2022 and its comparative period were as follows:

	31 December 2022 N'000	30 September 2021 N'000
Total liabilities	5,732,735	4,860,603
Total liabilities and equity	6,511,503	6,274,670
Debt-to-capital ratio	0.88	0.77

The increase in the debt-to-capital ratio during 2022 resulted primarily from the increase in the entity's borrowings.

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 period.

**7. Financial instruments and fair values**

As explained in Note 3.6, 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; FVOCI; and, for liabilities, amortized cost or fair value through profit or loss.

31 December 2022 N'000	30 September 2021 N'000
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## 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 anthelmintic as well as production enhancing medicaments.

Pharmaceuticals	3,555,290	2,803,466
Animal health	93,863	243,195
	<u>3,649,153</u>	<u>3,046,661</u>

### 8.2 Geographical segment

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

Nigeria	3,649,153	3,011,319
Ghana	-	35,342
	<u>3,649,153</u>	<u>3,046,661</u>

The reported revenue for animal health segment is not significant to the total revenue, 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.

N'000	N'000
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## 9. Cost of sales

Raw material		
Opening stock at 1 October	734,778	726,947
Add purchases	<u>1,769,604</u>	<u>1,247,555</u>
	2,504,382	1,974,502
Less: Closing stock at 31 December	<u>(781,154)</u>	<u>(734,778)</u>
Product Cost	<u>1,723,228</u>	<u>1,239,724</u>

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	31 December 2022 N'000	30 September 2021 N'000
<b>Factory overhead expenses</b>		
Production salaries and wages	286,342	269,444
Power and fuel	81,832	30,792
Factory other expenses	154,471	130,191
Depreciation: - Plant and machinery (Note 16)	88,854	56,263
- Building	3,967	3,967
Obsolete, excess inventory recovery	-	26,026
Inventory written down	80,220	-
Increase in finished goods	(42,520)	(116,764)
Increase in work in progress	(42,667)	(37,033)
Increase in spares parts	(10,184)	(1,152)
	<u>600,315</u>	<u>361,734</u>
	<u>2,323,543</u>	<u>1,601,458</u>
<b>10. Other income</b>	<b>N'000</b>	<b>N'000</b>
Gains on disposal of property, plant and equipment (Note 10.1)	-	4,857
Sundry receipts (Note 10.2)	-	141
Sales of scrap	-	2,014
Insurance claims	12	-
Lease rental income (Note 10.3)	35,925	20,000
Reversal of accrued interest on Daewoo loan (10.4)	-	57,343
Fair value adjustment	<u>161,516</u>	<u>117,668</u>
	<u>197,453</u>	<u>202,023</u>
	<b>N'000</b>	<b>N'000</b>
<b>10.1. Gain on disposal of property, plant and equipment</b>		
Cost	-	52,633
Accumulated depreciation	<u>-</u>	<u>(52,633)</u>
Carrying amount	-	-
Proceed on disposal	<u>-</u>	<u>4,857</u>
Profit on disposal	<u>-</u>	<u>4,857</u>

10.2. This represents merging account balances from closed Zenith bank account to another similar account.

10.3. This represents leased rental income from Neimeth property (former office complex) at 1 Henry Carr, Ikeja.

10.4. This represents reversal of accrued interest on Daewoo loan no longer required from 12 September, 2019 to 30 September 2021. Daewoo Securities (Europe) Limited was dissolved following a member voluntary winding up and a liquidator was appointed to file the final account at the company house in UK. Further provisioning of accrued interest on Daewoo has been put on hold and the interest accrued from September 2019 to September 2021 was reversed.

	31 December 2022 N'000	30 September 2021 N'000
<b>11. Marketing and distribution expenses</b>		
Employee cost	304,970	205,378
Transport and travelling	86,073	47,939
Advert and promotions	259,090	224,459
Depreciation of motor vehicle (Note 16)	39,968	38,614
Communication and subscription	324	2,072
Donations	498	261
Printing and stationeries	936	1,634
Rent and rate	5,059	1,771
Product registration expenses	815	8,654
Training and seminar	25	-
Medical expenses	191	552
Energy cost	22,911	16,398
Repairs and maintenance	14,087	8,474
Telephone and postages	4,815	4,617
Corporate expenses	6,007	12,698
Others	9,996	6,175
	<u>755,765</u>	<u>579,696</u>
<b>12. Administrative expenses</b>		
Employee costs	267,822	188,726
Impairment allowance for trade and other receivables (Note 19.2)	56,499	59,030
Corporate expenses	33,606	15,654
Transport and travelling	54,697	33,222
Legal, consultancy and professional fees	16,860	13,320
Energy cost	58,694	47,359
Rent and rate	-	1,500
Bank charges and commission	53,257	18,055
Insurance	20,066	12,414
Repairs and maintenance	19,972	11,575
Printing and stationeries	8,846	2,946
Training and seminar	5,504	3,604
Conference and meetings	51,731	42,540



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	31 December 2022 N'000	30 September 2021 N'000
Medical expenses	25,613	18,151
Telephone and postages	18,061	13,610
Communication and subscription	11,188	5,795
Depreciation of office and computer equipment (Note 16)	15,045	12,188
Audit fee	7,000	8,894
Gift and donation expenses	2,446	548
Security expenses/ Laboratory Expenses	6,199	3,876
Industrial relations expenses	42,559	-
Others (Note 12.1)	7,114	930
	<u>782,779</u>	<u>513,937</u>

12.1 Others represent public relations expenses and clinical/ laboratory testing expenses.

<b>13. Foreign exchange Gain/(loss)</b>	<b>N'000</b>	<b>N'000</b>
Gain/(loss) on currency translation	<u>2,429</u>	<u>(93)</u>

<b>14. Finance costs</b>	<b>N'000</b>	<b>N'000</b>
Interest expenses	375,002	188,126
Interest on lease	-	90
	<u>375,002</u>	<u>188,216</u>

Less accrued interest in the year		
Accrued interest (Note 22.1)	<u>23,093</u>	<u>13,612</u>
	<u>23,093</u>	<u>13,612</u>

Finance costs paid	<u>351,909</u>	<u>174,604</u>
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15. The fair value of financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows:

		Financial assets		Financial liabilities		
	Note	Fair value through profit or loss	Amortised cost	Amortised cost	Total carrying amount	Fair value
		N'000	N'000	N'000	N'000	N'000
At 31 December 2022						
Assets						
Trade and other receivables	19	-	1,391,841	-	1,391,841	1,391,841
Cash and cash equivalents	21.1	448,370	-	-	448,210	448,210
		448,370	1,391,841	-	1,840,051	1,840,051
Liabilities						
Trade and other payables	24	-	-	1,266,150	1,266,150	1,266,150
Borrowings (Current portion)	22.1	-	-	2,157,910	2,157,910	2,157,910
		-	-	3,424,060	3,424,060	3,424,060
At 30 September 2021						
Assets						
Trade and other receivables	19	-	1,276,208	-	1,276,208	1,276,208
Cash and cash equivalents	21.1	2,025,239	-	-	2,025,239	2,025,239
		2,025,239	1,276,208	-	3,301,447	3,301,447
Liabilities						
Trade and other payables	24	-	-	793,525	793,525	793,525
Borrowings (Current portion)	22.1	-	-	1,099,734	1,099,734	1,099,734
		-	-	1,893,259	1,893,259	1,893,259

**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 period.

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

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

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

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

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

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

16. Property, plant and equipment

	Land N'000	Building N'000	Machinery and N'000	Furniture and fittings N'000	Motor vehicles N'000	Computer equipment N'000	Capital work in progress N'000	Right-of- Use Assets N'000	Total N'000
<b>Cost</b>									
At 1 October 2020	85,865	132,242	822,580	109,709	401,442	71,463	563,430	88,078	2,274,809
Additions in the year	-	-	-	-	-	-	344,068	-	344,068
Reclassification from CWIP	-	-	74,135	320	53,190	1,239	(128,884)	-	-
Disposal	-	-	-	-	(52,633)	-	-	-	(52,633)
Adjustment						(270)	-		(270)
At 30 September 2021	85,865	132,242	896,715	110,029	401,999	72,432	778,614	88,078	2,565,974
At 1 October 2021	85,865	132,242	896,715	110,029	401,999	72,432	778,614	88,078	2,565,974
Additions in the period/year	-	33,507	346,419	6,766	80,179	15,887	1,104,259	-	1,587,017
At 31 December 2022	85,865	165,749	1,243,134	116,795	482,178	88,319	1,882,873	88,078	4,152,991
<b>Accumulated depreciation and impairment losses</b>									
At 1 October 2020	-	12,532	542,946	66,921	348,439	67,705	-	61,024	1,099,567
Charge for the year	-	3,967	56,263	6,240	20,999	1,981	-	17,615	107,065
Disposal	-	-	-	-	(52,633)	-	-	-	(52,633)
Adjustment	-	-	-	-	-	(23)	-	-	(23)
At 30 September 2021	-	16,499	599,209	73,161	316,805	69,663	-	78,639	1,153,976
At 1 October 2021	-	16,499	599,209	73,161	316,805	69,663	-	78,639	1,153,976
Charge for the period	-	6,153	76,448	8,156	37,706	5,966	-	9,438	143,867
At 31 December 2022	-	22,652	675,657	81,317	354,511	75,629	-	88,077	1,297,843
<b>Carrying amounts</b>									
At 31 December 2022	85,865	143,097	567,477	35,478	127,667	12,690	1,882,873	1	2,855,148
At 30 September 2021	85,865	115,743	297,506	36,868	85,194	2,769	778,614	9,439	1,411,998

Analysis of depreciation charged is as follows:

	31 December 2022 N'000	30 September 2021 N'000
Cost of sales (Note 9)	88,854	56,263
Marketing and distribution expenses (Note 11)	39,968	38,614
Administrative expenses (Note 12)	15,045	12,188
	<u>143,867</u>	<u>107,065</u>

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, now treated as Right-of-use assets.

- 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.
- Adjustment represent an amount reversed in respect of unreceived item of property, plant and equipment

	31 December 2022 N'000	30 September 2021 N'000
<b>17. Investment properties</b>		
<b>Cost</b>		
	49,427	49,427
<b>Accumulated depreciation</b>		
At the beginning of the period/year	14,331	13,462
Charged in the period/year	1,086	869
	15,417	14,331
<b>Carrying amount</b>		
At the end of the period/year	34,010	35,096

Investment property represents Neimeth office complex at 1 Henry Carr Street, Ikeja. The office complex is currently held for lease rental. On 30 September 2020, the Company received N60,000,000 as rental income for a period of 3 years, commencing 1 December 2019. At 31 December 2022, the Company recognised N23,333,333 (2021 : N20,000,000) as rental income in the statement of profit or loss and other comprehensive income. It is management's intention to continue to keep this property as investment property. The Company is currently using the cost model for recognising investment property. However its fair value at 31 December 2022 is N750,000,000 (2021: N695,183,139). The valuation was done by Tope Ojo & Tunde Olonisakin Estate Surveyors & Valuers on 10 January 2023.

	31 December 2022 N'000	30 September 2021 N'000
<b>18. Inventories</b>		
Raw materials	781,154	734,778
Work in progress	117,108	74,441
Finished goods	496,489	453,969
Spare parts	31,742	21,558
	1,426,493	1,284,746
Goods in transit	292,657	179,675
	1,719,150	1,464,421

**18.1** Inventories to the value of N1.719 billion (2021 : N1.464 billion) were carried at net realisable value. No inventories are pledged as security for liabilities.

	31 December 2022 N'000	30 September 2021 N'000
<b>19. Trade and other receivables</b>		
Trade receivables	2,115,967	1,972,261
Other receivable (Note 19.1)	93,219	64,793
	<u>2,209,186</u>	<u>2,037,054</u>
Impairment allowance (Note 19.2)	<u>(817,345)</u>	<u>(760,846)</u>
	<u>1,391,841</u>	<u>1,276,208</u>
<b>19.1 Other receivables</b>	<b>N'000</b>	<b>N'000</b>
Staff loans	57,637	33,435
Debit balance in trade payables (Note 19.1.1)	36,461	32,237
Impairment on other receivables	(879)	(879)
	<u>93,219</u>	<u>64,793</u>

**19.1.1** The Debit balance in trade payables relate to advance payment made to local raw materials suppliers for which the raw materials are awaiting delivery as at year end.

	N'000	N'000
<b>19.2 Impairment allowance on trade receivables</b>		
At the beginning of the period/year	760,846	701,816
Additional charge during the period/year (Note 12)	56,499	59,030
<b>At the end of the period/year</b>	<u>817,345</u>	<u>760,846</u>

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

	31 December 2022 N'000	30 September 2021 N'000
<b>20. Other assets</b>		
Prepayments	21,455	18,582
Withholding tax receivable	23,192	22,491
Advance payment to suppliers	3,595	2,468
Replaceable stocks (Note 20.1.)	14,742	18,167
	<u>62,984</u>	<u>61,708</u>

**20.1** Replaceable stocks represent finished products bought for sale by Neimeth, but rejected because the products supplied failed quality test. However, the supplier 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.

	31 December 2022 N'000	30 September 2021 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	97	-
Cash in banks	448,273	2,025,239
	<u>448,370</u>	<u>2,025,239</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

## 21.2 Cash and cash equivalents as per statement of cash flows

## Cash and cash equivalents

Cash and bank balances (Note 21.1)

Bank overdrafts (Note 22.4)

31 December  
2022

N'000

448,370

-

448,370

30 September  
2021

N'000

2,025,239

(13,565)

2,011,674

## 22. Borrowings

## Term loans

At the beginning of the period/year

Addition in the period/year

Write back of accrued interest on debenture

Repayment during the period/year

Exchange (loss)/gain

Other loans (Note 22.3)

At the end of the period/year

## Analysis by maturity:

## 22.1 Current

Daewoo Securities (Europe) Limited (Note 22.2.1)

CBN Intervention Fund (Note 22.2.2)

Bank of Industries (Note 22.2.3)

ProvidusBank Plc

Accrued interest on other loan (Note 22.3)

## Non-current:

CBN Intervention Fund (Note 22.2.2)

Bank of Industries (Note 22.2.3)

Other loan (Note 22.3)

Deferred fair value gain on loan (Note 23)

## 22.2 Analysis of Term loans

Daewoo Securities (Europe) Limited (Note 22.2.1)

CBN Intervention Fund (Note 22.2.2)

Bank of Industries (Note 22.2.3)

Providus Bank Plc

IFRS Interest (Amortisation difference)

Other loan (Note 22.3)

## 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 was 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.

N'000

3,644,297

2,803,833

-

(2,239,984)

(4,290)

4,203,856

69,733

4,273,590

N'000

915,008

102,165

251,904

865,740

23,093

2,157,910

N'000

1,205,246

235,540

1,440,786

46,640

1,487,426

628,254

4,273,590

N'000

915,008

1,307,411

487,444

865,740

628,254

4,203,857

69,733

4,273,590

N'000

3,716,448

-

(57,343)

(25,000)

10,192

3,644,297

167,264

3,811,561

N'000

919,298

-

166,824

-

13,612

1,099,734

N'000

1,285,776

493,300

1,779,076

153,651

1,932,727

779,100

3,811,561

N'000

919,298

1,285,774

660,123

-

779,100

3,644,295

167,265

3,811,560

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED 31 DECEMBER 2022

The outstanding balance of JPY 268,803,839 (comprising principal of JPY 140million, interest JPY 128.8 million) has been translated at Central Bank of Nigeria (CBN) ruling rate as at 31 December 2022.

**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 cGMP Multi-Product factory at Amawbia, Anambra State, while N400 million is to be used to augment the Company working capital requirement at interest rate of 5% per annum (all inclusive) up to 28 February 2021. Thereafter, interest on the working capital facility is now 9% per annum from 1 March 2021 with one year tenure and roll over of not more than 3 years. The N400m working capital was rolled over in October 2022 for the third time and would be due for repayment in October 2023.

**22.2.3 Bank of Industries (BOI)**

This consists of multiple loan facility of N750 million received from BOI on the 24 December 2019, comprising of a term loan of N500 million maturing 17 March 2025 and a working capital facility of N250 million maturing 17 March 2023. The term loan is dedicated for new equipment purchase to upgrade Oregon Plant while the working capital is meant for raw materials procurement for the manufacturing of pharmaceutical products and marketing expenses at Neimeth factory in Oregon Lagos. Repayment for the term loan is sixty (60) equal and consecutive monthly instalments of N10,416,666.67 commencing immediately after the expiration of moratorium period of 12 months. For the working capital facility component of the loan, thirty-six (36) equal and consecutive monthly instalments of N8,333,333.33. The N500m term loan enjoyed 2% interest rate concession up to August 2022 when the rate returned to 10% per annum in September 2022. The working capital loan also enjoyed 2% interest rate concession up to same period when the rate returned to 10.5% per annum in September 2022.

	31 December 2022	30 September 2021
	N'000	N'000
At the beginning of the period/year	167,264	164,955
Accrued Interest	23,093	13,612
Repayment during the period/year	(120,624)	(11,303)
<b>At the end of the period/year</b>	<b>69,733</b>	<b>167,264</b>

Other loan represents amount received from Directors and their Companies as indicated in Note 22.3.1 below. The loan attracts 14% interest per annum. A major loan repayment was made to some of the Directors to aid the redemption of their right issue.

22.3.1 Related Party Transactions			31 December 2022	30 September 2021
Related Party	Relationship	Nature of Transaction	Amount	Amount
			N'000	N'000
1. Alpha Pharmacy & Stores Ltd	Sir. I. T. Onyechi - Director in Alpha Pharmacy Stores	Loan	928	37,900
2. Dr. A. B. C. Orjiako	Director	Loan	1,424	64,360
3. Mr Emmanuel Ekunno	Former Director	Loan	1,190	1,076
4. Fall River Production Ltd	Mr. T. T. Osobu - Director in Fall River Prod. Ltd	Loan	249	10,227
5. Engr. Godwin E. O	Director	Loan	2,369	2,142
6. Bio Resources Institute of Nigeria	Prof. M. M. Iwu - Director in Bio Resources Inst.	Loan	63,573	51,559
			69,733	167,264

FOR THE PERIOD ENDED 31 DECEMBER 2022

31 December  
2022  
N'000

30 September  
2021  
N'000

**22.4 Current borrowings**

Bank overdraft (BOI) (Note 22.4.1)	-	13,565
Import finance facilities (Note 22.4.2)	-	-
CBN Intervention Fund (current) (Note 22.4.3)	-	-
	<u>-</u>	<u>13,565</u>

22.4.1 The interest payable on BOI multiple loan and principal repayment was guaranteed by Fidelity Bank Plc. However, a N100million overdraft facility was obtained from Fidelity Bank Plc in March 13 2019, to support the Company's' working capital requirement for clearing and Federal Government 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 flows from the Company's daily operations and other sources available to the Company. This facility was not renewed after expiration of its tenure during the financial year ended 30 September 2020 in view of the N400m working capital received from CBN in 2020.

22.4.2 \$800,000.00 Import Finance Facility, obtained from Fidelity Bank Plc to finance the establishment of Letters of Credit (LC) for the importation of raw materials, available in both naira and dollar. The tenor is 365 days (each LC has 120-day cycle with rollover option for 30 days) at an interest rate of 21% per annum. The original facility principal was restructured in 2021 to cover only the unliquidated sum of the facility at the same terms.

In addition, a N100,000,000 Bond and guarantee Line that was obtained from Fidelity Bank Plc on 13 March, 2019 for issuance of guarantee when required for contracts of supplies to employers at Tenor of 365 days was liquidated in 2021 and was not renewed. The security are as follows:

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

22.4.3 N400 million CBN Intervention loan, obtained from Central Bank of Nigeria as working capital (under the CBN RSSF-DCRR) to augment the Company working capital requirement covering procurement of raw materials for production, marketing and advertisement of products, payment of salaries as well as other working capital requirements. The tenor is one (1) year with a provision for renewal of not more than three (3) years at an interest rate of 5% per annum all inclusive up to 31 August 2022 and thereafter, effective 1 September 2022, interest on the facility was reverted back to 9%. Repayment is made quarterly for the principal and interest (after the moratorium) from Neimeth operational cash flows. Security is on all assets debenture of the Company's fixed and floating assets both present and future to be shared parri passu with other lender.



	31 December 2022 N'000	30 September 2021 N'000
<b>23. Deferred fair value gain on loan</b>		
Deferred fair value gain	<u>628,254</u>	<u>779,100</u>
<b>Analysis of deferred fair value gain on loan into:</b>		
<b>23.1 Current portion</b>	<u>119,041</u>	<u>76,926</u>
<b>23.2 Non current portion</b>	<u>509,213</u>	<u>702,174</u>

**23.3** These represent the benefit of CBN intervention and BOI loan at a below the market rate of interest measured at the difference between proceeds received and the fair value of the loan based on prevailing market interest rate. The day 1 gain has been recognised as deferred income which will be recognised in the profit or loss on a systematic basis over the tenure of the loan with re-measurement gain embedded in it.

	31 December 2022 N'000	30 September 2021 N'000
<b>24. Trade and other payables</b>		
Trade payables	113,092	140,323
Other accruals (Note 24.1)	910,432	385,952
Statutory deductions (WHT payable)	60,197	70,020
Royalties	54,192	54,077
Dividend payable	41,160	24,095
Other payables	53,155	56,845
Define contribution plan (Note 24.2)	18,232	40,365
Defined benefit obligation (Note 24.3)	<u>15,690</u>	<u>21,848</u>
	<u>1,266,150</u>	<u>793,525</u>

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

	31 December 2022 N'000	30 September 2021 N'000
<b>24.1 Other accruals</b>		
Unclaimed wages	4,414	3,388
Directors payable	281	281
Accrued electricity	2,265	-
Accrued audit fees	2,257	8,894
Import finance obligation	817,285	339,348
Property clearing	83,930	23,263
Others (Note 24.1.1)	-	10,778
	<u>910,432</u>	<u>385,952</u>

24.1.1 This represents unidentified customer lodgment.

<b>24.2. Defined contribution plan</b>	<b>N'000</b>	<b>N'000</b>
At the beginning of the period/year	40,365	20,645
Provision for the period/year	110,332	77,912
Payment during the period/year	<u>(132,465)</u>	<u>(58,192)</u>
At the end of the period/year	<u>18,232</u>	<u>40,365</u>
<b>24.3 Define benefit obligation</b>	<b>N'000</b>	<b>N'000</b>
At the beginning of the period/year	21,848	21,848
Payment	<u>(6,158)</u>	<u>-</u>
At the end of the period/year	<u>15,690</u>	<u>21,848</u>

24.3.1 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

	Below one year N'000	Due within One - five years N'000	Five years and above N'000	Total N'000
<b>2022</b>				
Loans and borrowings	2,157,910	1,487,426	-	3,645,336
Trade and other payables	<u>1,266,150</u>	<u>-</u>	<u>-</u>	<u>1,266,150</u>
	<u>3,424,060</u>	<u>1,487,426</u>	<u>-</u>	<u>4,911,486</u>
<b>2021</b>				
Loans and borrowings	1,099,734	1,932,727	-	3,032,461
Trade and other payables	<u>793,525</u>	<u>-</u>	<u>-</u>	<u>793,525</u>
	<u>1,893,259</u>	<u>1,932,727</u>	<u>-</u>	<u>3,825,986</u>

	31 December 2022 N'000	30 September 2021 N'000
<b>26. Current tax liability</b>		
At the beginning of the period/year	135,726	193,720
Payment during the period/year	(67,202)	(81,180)
Charge for the period/year (Note 28)	18,245	85,259
Over provision in prior year	-	(62,073)
At the end of the period/year	<u>86,769</u>	<u>135,726</u>
<b>27. Deferred tax liability</b>	<b>N'000</b>	<b>N'000</b>
At the beginning of the period/year	106,226	34,704
Charge in the year	-	71,522
At the end of the period/year	<u>106,226</u>	<u>106,226</u>

**27.1 Deferred tax assets and liabilities**

Reconciliation of deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31-Dec-22 N'000	30-Sep-21 N'000	31-Dec-22 N'000	30-Sep-21 N'000	31-Dec-22 N'000	30-Sep-21 N'000
Property, plant and equipment	-	(17,709)	255,054	123,963	255,054	141,672
Deferred CGT on Investment property	-	-	70,057	-	70,057	-
Exchange gain	-	-	789	-	789	-
Exchange loss	(28)	(28)	-	-	(28)	(28)
Provisions/unrecouped loss/capital allowance	(445,540)	-	-	-	(445,540)	-
Tax (asset)/liability carried forward	(445,568)	(17,737)	325,900	123,963	(119,668)	106,226
Tax liability brought forward	-	-	-	-	106,226	34,704
Movement in deferred tax (asset)/liability	<u>(445,568)</u>	<u>(17,737)</u>	<u>325,900</u>	<u>123,963</u>	<u>(225,894)</u>	<u>71,522</u>

The movement in deferred tax of N225.89million resulted in net deferred assets of N119.67million as at the reporting date. The movement of N225.89million was not recognised in these financial statements because there is no probability that the Company would be able to utilise the net tax assets in the foreseeable future.

<b>28. Current tax</b>	<b>N'000</b>	<b>N'000</b>
Income	-	77,034
Minimum tax	18,245	-
Education tax	-	8,207
Police levy	-	18
Over provision in prior year	-	(62,073)
	<u>18,245</u>	<u>23,186</u>
Deferred taxation charged (Note 27)	-	71,522
As per statement of profit or loss and other comprehensive income	<u>18,245</u>	<u>94,708</u>

The charge for taxation in these financial statements is based on minimum tax in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 (as amended)

The Company is not liable to education tax because it has no assessable profit in accordance with the provisions of the Education Tax Act, CAP E4 LFN, 2004 which is 2.5% of the assessable profit for the period

	31 December 2022 N'000	30 September 2021 N'000
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### 28.1 Reconciliation of effective tax rate

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

<b>(Loss)/profit before tax</b>	<u>(388,054)</u>	<u>365,285</u>
Tax thereon @ 30%	(116,416)	109,586
Deductible items	60,473	13,524
Balancing charge	-	1,457
Capital allowance	-	(109,588)
Loss carried forward	55,943	-
Education tax	-	8,207
Minimum tax	18,245	-
Deferred tax effect charged	<u>-</u>	<u>71,522</u>
Tax expense for the year	<u>18,245</u>	<u>94,708</u>
<b>Profit after tax</b>	<u><u>(406,299)</u></u>	<u><u>270,578</u></u>

%

%

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

Tax rate	30	30
Deductible items	(16)	22
Balancing charge	-	-
Unrelieved Loss brought forward	(14)	-
Capital allowance	-	(10)
Education tax	(5)	2
Deferred tax effect	<u>-</u>	<u>20</u>
Total effective tax rate	<u><u>(5)</u></u>	<u><u>64</u></u>

N'000

N'000

### 29. Finance lease obligation

At 1 October	-	6,358
Addition	-	-
Repayment in the year	<u>-</u>	<u>(6,358)</u>
At 31 December	<u><u>-</u></u>	<u><u>-</u></u>

### Analysed into:

Current portion	-	-
Non-current portion	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

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

	31 December 2022 N'000	30 September 2021 N'000
<b>30. Ordinary share capital</b>		
<b>30.1 Authorised:</b>		
2,000,000,000 ordinary shares of 50k each	<u>1,000,000</u>	<u>1,000,000</u>

**30.2 Issued and fully paid:**

At the beginning and at the end of the period/year	<u>949,579</u>	<u>949,579</u>
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1,899,158,000 ordinary shares (2021: 1,899,158,000 ordinary shares @ 50k each).

**30.2.1 Minimum issued share capital for existing company - Section 124 of CAMA 2020**

In line with the Company's regulations of 2020 released by the Corporate Affairs Commission in December 2020, a Company that has an unissued shares in its capital shall not later than 31 December 2022 fully issue such shares.

	31 December 2022 N'000	30 September 2021 N'000
<b>30.3 Share premium</b>		
At 1 October	104,880	112,606
Capital restructuring expenses (Note 30.4)	-	(7,726)
Right issue expenses (Note 30.5)	<u>(96,059)</u>	<u>-</u>
<b>At 31 December</b>	<u>8,821</u>	<u>104,880</u>

30.4 This represents probate services, postage and other related expenses incurred to achieve capital restructuring programmes.

30.5 This represents expenses incurred on right issue in 2022. The right issue proceeds were realised in January 2023. Consequently, ordinary share capital will increase by the total proceeds on the right issue in 2023 financial year

	31 December 2022 N'000	30 September 2021 N'000
<b>31. Retained earnings</b>		
At the beginning of the period/year	359,608	212,477
(Loss)/profit for the period/year	(406,299)	270,576
Dividend	(132,941)	(123,445)
<b>At the end of the period/year</b>	<b>(179,632)</b>	<b>359,608</b>

During the Annual General Meeting held on 22 March 2022, the shareholders declared a dividend of 7k per 50k ordinary share held amounting to N132,941,060. The dividend is payable to the shareholders whose names were registered in the Company's register of members at the close of business on 14 March 2022.

### 32 Basic (loss)/earnings per share

(Loss)/earnings per share (basic) have been computed for each period/year on the profit after tax attributable to ordinary shareholders and divided by the number of issued and fully paid up 50 kobo ordinary shares during the period/year.

	N'000	N'000
(Loss)/profit after taxation	(406,299)	270,576
	000	000
Number of shares	1,899,158	1,899,158
(Loss)/earnings per share (kobo)	(21)	14

### 33. Information regarding Directors and Employees

#### 33.1 Directors' emoluments

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

	N'000	N'000
Fees:		
- Chairman	500	500
- Other Directors	2,800	3,300
- Sitting allowance	1,600	1,600
Emolument of executive directors	98,578	62,740
	103,478	68,140

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

	N'000	N'000
Chairman	500	500
Highest paid director	32,651	28,820

		31 December 2022 Number	30 September 2021 Number
<b>33.3 Scale of Directors' remuneration</b>			
The number of Directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses in the following range were:			
N	N		
Below	- 10,000,000	-	-
10,000,001	- 12,500,000	-	3
Above	12,500,001	4	-
		<u>4</u>	<u>3</u>
The number of Directors who received emoluments		<u>4</u>	<u>4</u>
The number of Directors who did not receive emoluments		<u>8</u>	<u>8</u>
		N'000	N'000
<b>33.4 Personnel compensation</b>			
Personnel compensation comprised:			
Short-term employee benefits		760,114	585,034
Contribution to compulsory pension fund scheme		124,104	77,912
		<u>884,218</u>	<u>662,946</u>
<b>Analysis by function:</b>		N'000	N'000
Production		311,426	269,444
Marketing and distribution		304,970	205,378
Administration		267,822	188,124
		<u>884,218</u>	<u>662,946</u>
<b>33.5 The average number of persons employed during the year by category:</b>			
		Number	Number
Management		14	12
Senior staff		118	150
Junior staff		58	40
		<u>190</u>	<u>202</u>
<b>33.6 Scale of employees' remuneration</b>			
N	N	Number	Number
Below	- 250,000	-	-
250,001	- 500,000	-	-
500,001	- 750,000	-	-
750,001	- 1,000,000	45	50
1,000,001	- 1,250,000	38	45
1,250,001	- 1,500,000	27	27
Above	1,500,001	80	80
		<u>190</u>	<u>202</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 31 December 2022 (2021 - 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 N53,634,102 as at 31 December 2022 (2021 : N153,638,102). In the opinion of the Directors and based on the response obtained from the legal adviser, the Company is of the opinion that no payment will be made in respect of pending litigations.

**37. Events after reporting date**

The Directors are of the opinion that no event or transaction has occurred since the reporting date, which would have had a material effect on the financial statements as at that date or which needs to be disclosed in the financial statements in the interest of fair presentation of the Company's financial position as at the reporting date or its results for the period then ended.

**38. Comparative figures**

Where necessary, comparative figures have been reclassified to ensure proper disclosure and uniformity in the current period's presentation. This reclassification has no net impact on these financial statements.

**39. Change in Accounting Date**

The Board of Directors approved the change in reporting period from September to December of each year, though the comparative figure for last year is at 30 September 2021



#### **40. SECURITY TRADING POLICY AND DEALING IN SHARES**

In compliance with the Nigerian Exchange Limited's (NGX) Listing Rules, Neimeth International Pharmaceuticals Plc has in place regulations to guide its Board and other employees when effecting transactions in the Company's shares and other securities. The Company's Regulations for Dealing in Shares and other Securities ("the Regulations") provide amongst others, the period when transactions are not allowed to be effected on the Company's shares and other securities ("Closed Period") as well as disclosure requirements when effecting such transactions.

All concerned are obliged to observe the provisions of the Regulations when dealing in the Company's shares and securities. The Company regularly notifies (NGX) of its Closed Periods. The Company made inquiries from all affected persons and is not aware of any non-conformity with the Rule or the Regulations during the period under review.

## **Other National Disclosures**

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC  
STATEMENT OF VALUE ADDED  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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	2022 N'000	%	2021 N'000	%
Turnover	3,649,153		3,046,661	
Other income	<u>197,453</u>		<u>202,023</u>	
	3,846,606		3,248,684	
Cost of goods and services - local	(1,904,202)		(696,026)	
Cost of goods and services - foreign	<u>(927,371)</u>		<u>(1,229,147)</u>	
<b>Value added</b>	<u><u>1,015,033</u></u>	<u><u>100</u></u>	<u><u>1,323,511</u></u>	<u><u>100</u></u>

**Applied as follows:**

**To pay employees:**

Salaries wages and other staff costs	884,218	87	662,946	49
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**To providers of capital:**

Finance costs	375,002	37	188,216	14
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**To pay Government:**

Company income tax	18,245	2	23,186	2
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**To provide for assets replacement:**

Depreciation of property, plant and equipment	143,867	14	107,065	8
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**Retained for future expansion:**

- Deferred taxation	-	-	71,522	5
- (Loss)/profit on ordinary activities	<u>(406,299)</u>	<u>(40)</u>	<u>270,576</u>	<u>20</u>

<b>Value added</b>	<u><u>1,015,033</u></u>	<u><u>100</u></u>	<u><u>1,323,511</u></u>	<u><u>100</u></u>
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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.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC  
STATEMENT OF VALUE ADDED  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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FINANCIAL SUMMARY

	31 December 2022 N'000	30 September 2021 N'000	30 September 2020 N'000	30 September 2019 N'000	30 September 2018 N'000 *Restated
<b>Statement of financial position</b>					
Property, plant and equipment	2,855,148	1,411,998	1,175,242	757,878	714,377
Investment property	34,010	35,096	35,965		
Net current assets	(7,525)	2,708,100	2,976,809	560,837	390,665
Non current liabilities	(2,102,865)	(2,741,127)	(2,913,355)	(248,697)	(246,210)
<b>Net assets</b>	<b>778,768</b>	<b>1,414,067</b>	<b>1,274,661</b>	<b>1,070,018</b>	<b>858,832</b>
<b>Equity and reserves</b>					
Ordinary shares	949,579	949,579	949,579	949,579	863,254
Share premium reserve	8,821	104,880	112,606	1,020,603	1,113,889
(Accumulated loss)/retained earnings	(179,632)	359,608	212,476	(898,164)	(1,118,311)
<b>Total equity and reserves</b>	<b>778,768</b>	<b>1,414,067</b>	<b>1,274,661</b>	<b>1,072,018</b>	<b>858,832</b>
<b>Statement of comprehensive income</b>					
<b>Turnover</b>	<b>3,649,153</b>	<b>3,046,661</b>	<b>2,839,119</b>	<b>2,371,311</b>	<b>2,269,004</b>
(Loss)/profit/before tax	(388,054)	365,284	297,388	304,439	166,460
Taxation	(18,245)	(94,708)	(84,912)	(84,292)	(18,444)
<b>Profit/(loss) for the year</b>	<b>(406,299)</b>	<b>270,576</b>	<b>212,476</b>	<b>220,147</b>	<b>148,016</b>
Other comprehensive income/ (loss) for the year	-	-	-	-	-
<b>Total comprehensive (loss)/income for the year</b>	<b>(406,299)</b>	<b>270,576</b>	<b>212,476</b>	<b>220,147</b>	<b>148,016</b>
<b>Per share data:</b>					
(Loss)/earnings per share (kobo) - Basic	(21)	14	11	12	8
Net assets per ordinary share (kobo)	0.41	74	67	56	45

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