NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

Annual Report & Accounts 2018

Vision

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

Mission

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

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1 Dr. A.B.C Orjiako (OFR) – Chairman

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

2 Mr. Christopher U. Mmeje AG. MD/CEO

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

3 Mazi Sam Ohuabunwa (OFR)

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

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

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

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

4 Sir Ike Onyechi

He was invited to the Board on the 20th December 2011. He is a registered Pharmacist and graduate of Pharmacy from the University of Nigeria Nsukka.

He is founder and Chief Executive Officer of Alpha Pharmacy and Stores. He is a fellow of several Pharmaceutical societies and member of many associations.

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

5 Prof. Maurice M. Iwu

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


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6 Mrs. Roseline A. Oputa

Mrs.Oputa MPSN obtained her Bachelor of Pharmacy Degree from the University of Nigeria Nsukka in 1990. She joined the Company in 1992 as Pharmaceutical Sales Representative and has held various positions such as Manager Sales Training and Customer Satisfaction, National Demand Manager, Group Product Manager, Marketing Manager, Associate Director/Head of Ethical Product Group (EPG), Director of Administration and Corporate Programmes.

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

7 Mr. Adekola A. Balogun

He was invited on the Board on the 24th of February, 2004. Kola brings his vast sales/marketing experience of pharmaceuticals, spanning over 35 years to the board. He is a registered pharmacist and successful entrepreneur.

Kola is Chairman Board of directors of four fast growing Nigeria companies and a board member of several others.

He is an alumnus of University of Ife, now Obafemi Awolowo University, Ile-Ife and Chartered Institute of Marketing, Cookham, England.

His business interests include trading, construction and property development.

8 Engr. Godwin E. Omene

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

9 Mr. Thomas T. Osobu

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

10 Prof. Elijah N. Sokomba

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

11 Mrs. Bashirat . O. Odunewu

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

DIRECTORS:	Dr. A. B. C. Orjiako	Chairman
	Mr. C. U. Mmeje	Ag. MD/CEO
	Mrs. R. A Oputa	Executive
	Mazi S. I. Ohuabunwa	Non-Executive
	Engr. G. E. Omene	Non-Executive
	Mr. A. O. Balogun	Non-Executive (Retired 25/04/2018)
	Prof. E. N. Sokomba	Non-Executive
	Prof M. M. Iwu	Non-Executive
	Sir. I. T. Onyechi	Non-Executive
	Mr. T. T. Osobu	Non-Executive
	Mrs. B. O. Odunewu	Independent Director *(Appointed 22/01/2018)*

SECRETARY: Mrs. F. I. Onyenekwe

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

AUDITORS:
PKF Professional Services
PKF House, 205A Ikorodu Road
Obanikoro, Lagos.
Tel: +234(0) 9030001351, 9030001352

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

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

BANKERS:
Diamond Bank Plc
Guaranty Trust Bank Plc

Major Statement of Comprehensive Income items:

	Year ended 30-Sept-18 ₦'000	Year ended 30-Sept-17 ₦'000	% Change
Turnover	2,269,004	1,534,003	48
Profit/(Loss) before taxation	202,479	(404,920)	150
Profit/(Loss) after taxation	184,035	(411,484)	145
Share Capital	863,254	863,254	-
Shareholders' funds	985,506	805,368	22

Per Share Data:

Earnings per share (Kobo) (Basic)	11	(24)	
Dividend per share (Kobo)	-	-	
Net assets per share (Kobo)	57	47	
Number of employees	169	183	
Market price as at 30th September	0.66	0.68	

NOTICE IS HEREBY GIVEN THAT the 60th Annual General Meeting of the members of **NEIMETH INTERNATIONAL PHARMACEUTICALS PLC.** will be held at Oranmiyan Hall, Lagos Airport Hotel Limited, 111 Obafemi Awolowo Way, Ikeja, Lagos on Wednesday, 6th February, 2019 at 12.00 noon to transact the following businesses:

ORDINARY BUSINESS:

1. Receive Report of the Directors, Statement of Financial Position as at September 30th, 2018 together with the Statement of Comprehensive Income for the year ended on that date and the Reports of the Auditors and Audit Committee thereon.
2. Ratify appointment of Director/Re-elect Directors
3. Authorize the Directors to fix the remuneration of the Auditors for the ensuing financial year
4. Elect members of the Audit Committee
5. **SPECIAL RESOLUTION:**
   a. Approve the remuneration of Directors.
   b. "That pursuant to Articles 119 and 121 of the Memorandum and Articles of Association of the company, the recommendation of the Directors that the sum of N86,325,323.00 being part of the sum standing to the credit of the share premium account be capitalized and that the Directors be and they are hereby authorized to appropriate such sum to the holders of ordinary shares registered at the close of business on Thursday, 17th January, 2019 in the proportion to the number of ordinary shares then held by them respectively to apply such sum on behalf of such holders in paying in full 172,650,646 of the unissued ordinary shares in the capital of the company, such shares to be allotted, distributed and credited as fully paid up, to and amongst such holders in proportion of 1 for 10 ordinary shares then held and that such shall rank for all purposes pari-passu with the existing issued ordinary shares of the company."

NOTES:

1. **PROXY:**

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

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

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

The Register of members and Transfer Books of the Company will be closed on Friday, 18th January, 2019 and re-opened on Wednesday, 23rd January, 2019 for the purpose of updating the records.

3. **AUDIT**

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

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

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

Dated this 17th day of December, 2018

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

Isolated prosperity cannot guarantee universal peace. In fact, patches of well being are always magnums for unwanted immigration into those isolated places of comfort—a situation that generates all kinds of negative phobia.

Distinguished Shareholders, Members of the Board, our esteemed business partners, customers and staff, invited guests, regulators from the Sovereign, gentlemen of the press, ladies and gentlemen. It is my pleasure to welcome you to the 60th Annual General Meeting of our company, Neimeth, to consider the report and result for the period ended 30th September, 2018.

OPERATING ENVIRONMENT:

THE GLOBAL ECONOMY.

The two biggest economies in the world pulled world economies in opposite directions. The US GDP grew by 3.5% annualised at September, 2018 surpassing its 71 year average GDP of 3.22%. Given the size and complexity of the US economy, such level of growth would be expected to impact positively on the rest of the world. This was not to be, due to the autarchy political framework that generated the growth. In spite the performance, export of agricultural products fell 4.4% due to tariff confrontation with China. In any case, a consensus is emerging amongst leading economists that major economies need to grow at 5+ percent to be able to provide upward pull for their habitat regions or the greater world. The Chinese economy that met this growth support index grew at 6.5% annualised at September, 2018; falling short of market expectation of 6.6%. It also fell below its 29 year average growth rate of 9.58% by as much as 3%. With a burgeoning middle class and higher wages, the Chinese economy is a candidate for growth fatigue. The tariff war of attrition by the two world economic elephants, scotched the proverbial grass for the lesser world economies.

Of the five BRICS economies,*(Brazil, Russia, India, China & South Africa)* only India achieved a 7.1% annualised GDP growth as at September 2018; a performance that surpassed its 67 year average GDP growth of 6.17%. Apart from China and India, no other BRICS economy achieved up to 2.5% annualised GDP growth as at September 2018. Apart from the two biggest economies in the world, the BRICS is an economic block that ought to lend a helping hand in resurgence of the world economy. The old and settled societies of Europe and the United Kingdom, embroiled in the atavistic squabble of self-dismemberment could not achieve even self-sustaining GDP growth of 2%. It is therefore not surprising that 2018 was a year of economic individualism-every nation to itself.

Brent crude maintained continuous positive gradient in its price from USD58 per barrel in October 2017 to USD81

per a barrel a year later (Oct. 2018). With crude production steady above two million barrels a day for over eight months before hovering lower slightly around 1.9million barrels a day for the remaining four months to September 2018; it is fair to say the nation's economy was well cushioned from the international economic head wind. The jury is still out if this shock absorber performed efficiently on our ever present economic potholes. Of course, it is when all nations are economically active that each can take advantage of its unique endowments. Isolated prosperity cannot guarantee universal peace. In fact, patches of wellbeing are always magnums for unwanted immigration into those isolated places of comfort—a situation that generates all kinds of negative phobia.

Conflicts are the perpetual enemy of human welfare. Local, regional and international animosities continued to conspire to deny nations the resources necessary for improvement of the welfare of peoples. Boko-Haram, in-spite the coat of hubris we put on regarding the subject, is still a major vein haemorrhaging developmental resources in Nigeria. When we discus resources the governance time of state officials and managers deployed in conflict instigation and conflict management hardly get calibrated as vital resources; that if otherwise positively deployed, would yield the welfare of citizens. The issues involved in the Brexit uncertainty is not shooting war but it is non-the-less the result of lack of love. Its outcome festers beyond the borders and imagination of its architects.

Regrettably, the street channel was the dominant source of foreign exchange in 2018 with the huge third party risk in acquisition of FX hanging over manufacturers as the Sword of Damocles.

NATIONAL OUTLOOK

At our AGM last year, I had good reason to commend the Central Bank of Nigeria for the multiple access channels for foreign exchange which I said "contributed to easing external trade especially in importing critical production inputs". Regrettably, the street channel was the dominant source of foreign exchange in 2018 with the huge third party risk in acquisition of FX hanging over manufacturers as the Sword of Damocles. The banks that should be the assured sources of FX were primarily sources of commission costs taken for perpetual biddings that yield little or no allocations. Why the system that came successful as an experiment in 2017 could not be made more perfect in 2018 is part of our nation's proficiency in deconstruction. 2018 being penultimate election year it would have been a miracle to expect any betterment in our energy and other infrastructural deficiencies. Manufacturing had to live with those endemic impediments. Inflation continued to moderate; at a time coming below 10.5% before creeping back to 11.10% by the end of September 2018. Research is the work done today that secures the future. In pharmaceutical manufacturing this is an axiom. But research is a painful and time consuming exercise often with outcomes as uncertain as sea voyage on a sail. Yet this is effort that neither excites our policy makers nor the regulators as demonstrated, not by what is said, but by what is done. No subsidies on research expenditures or tax exemptions on such costs. Non-the-less Neimeth continues to be an active participant in this arduous field of pharmaceutical endeavour especially in the orphan diseases afflicting our people.

THE COMPANY

In 2016/17 financial year our company was challenged by adversity when fire gutted our raw materials warehouse on 7th March 2017. In one single year, 2017/18, we were able to overcome the crippling incident and are ready to resume our march forward.

Your Board has restarted implementation of its management reset that commenced with the hiring of our former Managing Director three years ago. Her departure and the fire incident put a temporary halt to the execution of the comprehensive reset that would presage our growth strategy. We have completed the process leading to the engagement of a new MD/CEO who would join the company in the second quarter of this 2018/19 financial year. Other changes at the senior management level are in the works and would be completed soonest. These changes are meant to drive the vigorous expansion program and growth your Board has harboured for a while now. Our vision encompass increased import circumference as well as enhanced domestic manufacturing of our flagship brands.

> **Research is the work done today that secures the future. In pharmaceutical manufacturing this is an axiom. But research is a painful and time consuming exercise often with outcomes as uncertain as sea voyage on a sail.**

RESULT

The outcome of our operations in 2017/18 financial year showed aggregate earnings of ₦2.269million which was 48% growth over ₦1.534million achieved in the previous year. Profit before tax of ₦202million when adjusted for corporate tax of ₦18million leaves us with profit after tax of ₦184million.

Your Board, in recognition of the forbearance shown by shareholders all the years without profit, has recommended for your approval a script of one ordinary share for every ten held.

CONCLUSION

On behalf of the Board I wish to express our gratitude to all members of the management team and the general staff that demonstrated resoluteness during the difficult year following the fire incident. The result we achieved would not have been possible without your undivided commitment and dedication. To our customers, suppliers and service providers, especially Worldwide Commercial Ventures Limited I express the Board's appreciation for your business partnership. I wish to thank my colleagues on the Board for their commitment and dedication in the past year that was most difficult. Finally we all thank God that gave us resuscitation by His mercy.

Thank you.

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

Distinguished Shareholders, members of the Board of Directors, our esteemed customers and staff, invited guests, gentlemen of the Press, ladies and gentlemen. I have the pleasure to present to you the CEO's report for the financial year ended 30^{th} September, 2018.

THE NIGERIAN HEALTHCARE SECTOR

The Nigerian pharmaceutical and allied sector is estimated to be worth over ₦470billion in static total assets value according to industry self-regulation organs and corporate review agencies. It supports industrial sub-sector of over 150 manufacturers of different sizes (out of which only about one percent are publicly quoted). This one percent generates approximately ₦50 billion in annual revenue. As a proportion of the national GDP, the pharmaceutical sector is less than a quarter percent. With a national pharmaceutical outlet of over 33,000 persons per outlet, (Lagos has a ratio of one pharmaceutical outlet to 6,700 persons) the underdevelopment in this sector could not be worse. Local manufacturing cannot satisfy twenty percent of national demand across so many therapeutic needs. Raw materials; technically referred to as API, (which represent the upstream segment of the pharmaceutical sector) that can be sourced locally is less than two percent of national requirement. The result is massive importation of inputs with attendant FX constraints. Even the allied segments (packaging, engineering etc) have not fared better given that some manufacturers have to produce their packaging outside the country and every piece of equipment is bought from offshore.

The distribution system works just like our national life—provide house, water and electricity all by oneself. Each manufacturer makes the drugs, warehouses it, advertises it, assembles the selling team, and even buys and manages the distribution trucks. This indicates lack of depth in the sector.

Depressing as the above is, it actually speaks of immense investment opportunities and profits in the pharmaceutical subsector of the Nigerian economy.

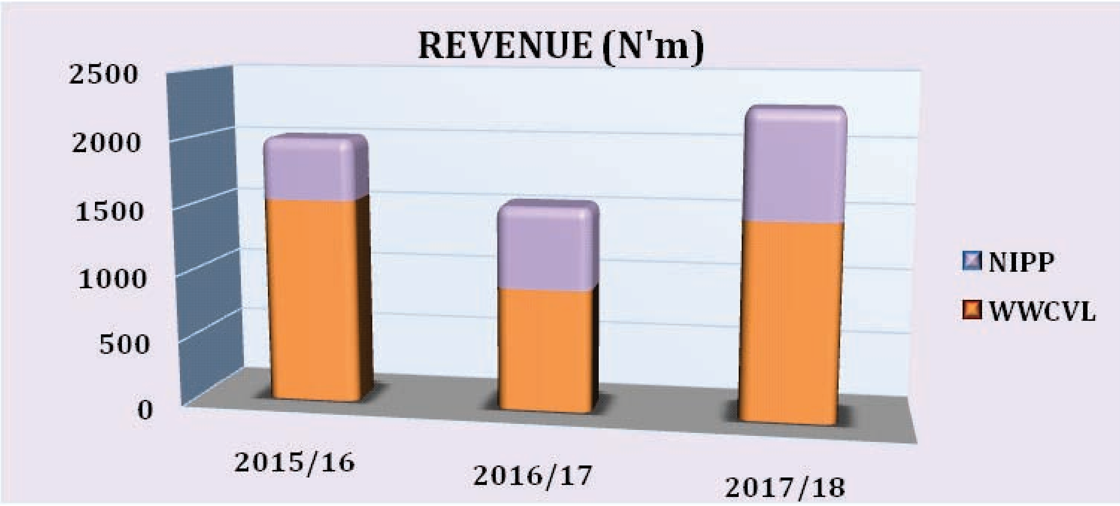
It is expected that the major reorganisation of pharmaceutical distribution system that will commence in 2019 would create mega distribution channels where both identity and integrity of pharmaceutical products can better be assured and protected. Neimeth votes for this long overdue evolution. Its current business module already mirrors the coming changes.

OPERATIONS

At the end of the financial year, 30^{th} September 2018, total revenue of the company was ₦2,269million, against annual sales of ₦1,534m for the previous year. By this a growth of 48% was achieved, representing 99% of the budget (₦2,288) we ran for 2017/18 circle.

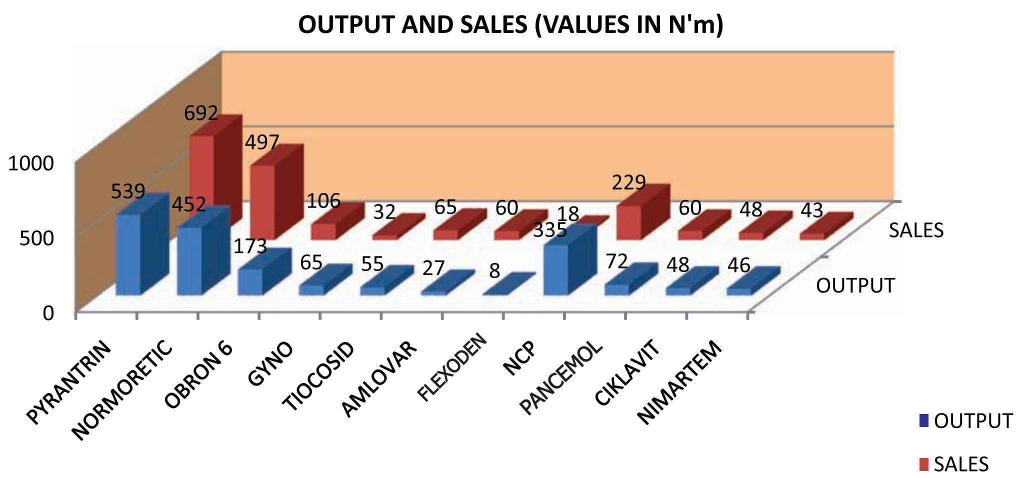
For any manufacturing company, effective output production is the foundation of seamless selling. In 2017/18

The distribution system works just like our national life—provide house, water and electricity all by oneself. Each manufacturer makes the drugs, warehouses it, advertises it, assembles the selling team, and even buys and manages the distribution trucks. This indicates lack of depth in the sector. Depressing as the above is, it actually speaks of immense investment opportunities and profits in the pharmaceutical subsector of the Nigerian economy.



financial year the company's manufacturing plant produced total output valued ₦1,934million (₦1.5b in 2016/2017) – a growth of 27%. Over 85% of the company's sales are produced at its plant. Imported finished products constitute less than 15% of its revenue. This strategy served the company well not only in servicing Worldwide Commercial Ventures Ltd through whom Neimeth derived 65% of its revenue on a just-in-time basis that minimises finished stock-holding and its attendant warehousing and bank borrowing costs.

By the same stroke, cost of sales as a percentage of total revenue went down from 72% in 2016/17 to 47% in 2017/18 under consideration. One of the strategic decisions the Board made at the twilight of 2017 was to move



the entire personnel of the company including the CEO from its property at No. 1 Henry Carr Street, a remote location at the other end of Ikeja, to the manufacturing premises in Oregun. This move which the Chairman of the Board said was to "...drastically reduce the overhead cost of running the company, provide more hands-on supervision and control of the manufacturing and selling processes" has begun to produce the expected fruits. In the financial year under consideration overhead costs went down by ₦109million. Effective supervision of the manufacturing process by the highest organ of management no doubt contributed to the 27% growth in output earlier stated.

Other area of improvement that management intends to sustain is receivables impairment provision. Having

In the financial year under consideration overhead costs went down by ₦109million.

worked a five-year program to minimize impairment provision on receivables, we have arrived at the milestone when the ratio of receivable impairment provision to revenue has moved down from 14% in 2016/17 to the current 8%. We have no doubt this ratio would further go down as we work within our present business module.

RESULT

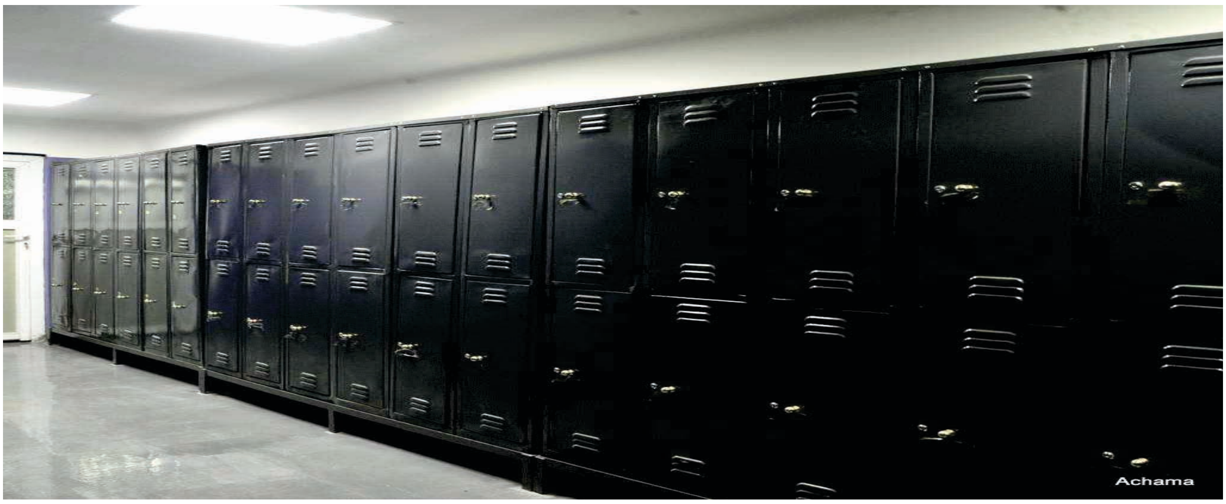
Overall, the company achieved a profit before tax of ₦202million or 9% of total revenue generated.

FACILITIES UPGRADE

One other significant step the company took in the year under consideration is the rebuilding of the burnt raw materials warehouse. Without waiting for pay-out from the risk underwriters management had rebuilt and modernized its raw materials warehouse and had taken advantage of that exercise to upgrade facilities (such as the cloak room) that had been of concern to regulators.

Raw Material Warehouse

Cloak Room



MANAGEMENT TRAINING

As part of our growth strategy Neimeth sent two of its engineers to India for a five - week program and also engaged the training consultancy firm, Star team, to run in-house training and workshops for the entire staff of the company both at the Headquarters and at various sales locations.

RETIREES

The company operates retirement benefit in accordance with the new reformed Pensions scheme managed by PENCOM. However, legacy pension obligations that the company owed retirees had presented perennial problem and over the years Neimeth had tried to address this issue. It is with pleasure that we report substantial progress in the last financial year. Of the 42 persons at the beginning of the year, 26 have been paid off completely. The remaining 16 persons that include 3 ex-directors have very high probability of being paid off in the ensuing year thus finally closing that painful chapter.

Thank you.

Mr. Christopher U. Mmeje
Ag. MD/CEO

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1 Christopher U. Mmeje

2 Roseline A. Oputa

3 Isaac O. Igbanoi

4 Adekunle A. Adebowale

5 Ijezie .M. Emedosi

6 Florence I. Onyenekwe

Neimeth is committed to conducting its business in line with best practices and in accordance with applicable laws and regulations in Nigeria. It is this commitment to high ethical conduct that has necessitated the practice of regularly reviewing our processes in order to align them with the Code of Corporate Governance in Nigeria.

The Board and Its Committees

The role of the Board is to provide leadership and strategic guidance for Neimeth, in addition to overseeing management's implementation of the company's strategic initiatives. The Board is accountable to security holders for the performance of Neimeth's business. In performing its role,the Board requires from Management the appropriate information concerning the business, including relevant information on risk exposures, internal controls and external developments. The Board at all times aspires to excellence in governance standards, and this requires the Board to work as a team and meet on a regular basis. The Board has a minimum of 4 Board meetings every year.

Board Composition

The Company's Articles of Association provides that the Company's Board shall consist of not more than thirteen directors. At the beginning of the year in view, the Board comprised of 11 Directors, 9 of which were Non-Executive and 2 Executive Directors including the Acting Managing Director/Chief Executive Officer (Ag. MD/CEO). However, in the course of the year, one of the directors; Mr. Adekola A. Balogun retired from the Board, while Mrs. Bashirat O. Odunewu was appointed to the Board as an Independent Director.

The Board is headed by a Non-Executive Director who provides leadership. The Non-Executive Directors are independent of Management and exercise their judgment as directors without any constraint.

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

Board Changes

Since the last Annual General Meeting, Mr. Adekola A. Balogun retired from the Board, while Mrs Bashirat O. Odunewu was appointed to the Board as an Independent Director.

The Role of the Board

Specific matters reserved for the Board or its committees include:

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

Separation of the position of Chairman and Managing Director

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

Board Performance Evaluation

In line with the SEC Code of Corporate Governance, the Company embarked upon a formal and rigorous evaluation of the performance of its Board of Directors, Its Committees, the Chairman and Individual directors.

The service of external consultants was engaged to facilitate the performance evaluation.

Disclosure of Age

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

Record of Director's Attendance

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

S/No	Membership	Status	Number of Meetings Attended			
			22nd Jan. 2018	24th April 2018	24th July 2018	26th Nov. 2018
1	Dr. A.B.C. Orjiako	Chairman	✓	✓	x	✓
2	Mr. C. U. Mmeje	Member	✓	✓	✓	✓
3	Mazi S. I. Ohuabunwa	Member	✓	✓	✓	✓
4	Prof. M. M. Iwu	Member	✓	✓	✓	✓
5	Engr. G. E. Omene	Member	✓	✓	✓	✓
6	Prof. E. N. Sokomba	Member	✓	✓	✓	✓
7	Mr. T. T. Osobu	Member	✓	x	✓	✓
8	Sir I. T. Onyechi	Member	✓	✓	✓	✓
9	Mrs. R. A. Oputa	Member	x	✓	✓	✓
10	Mr. A. O. Balogun	Member	✓	✓	N/A	N/A
11.	Mrs. B. O. Odunewu	Member	N/A	✓	✓	✓

*N/A - Not on the board as at the time of the meeting

Committees of the Board

The Board has three committees which advise it on specific issues such as strategy and business development.

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

Finance/Budget/ Internal Audit Committee

S/No.	Membership	Status	Number of Meetings Attended	
			14th Nov. 2018	27th Nov. 2018
1	Engr. G. E. Omene	Chairman	✓	✓
2	Prof. E. N Sokomba	Member	✓	✓
3	Mr. C. U. Mmeje	Member	✓	✓

Establishment/RemunerationCommittee

S/No.	Membership	Status	Number of Meetings Attended
			20th Feb. 2018
1	Eng. G. E Omene	Member	✓
2	Mr. Thomas T. Osobu	Member	x
3	Sir Ike Onyechi	Member	✓

Innovation and Strategy Committee

S/No.	Membership	Status	Number of Meetings Attended			
			28th March 2018	14th May 2018	23rd July 2018	27th Nov. 2018
1	Prof. M. M. Iwu	Chairman	✓	✓	✓	✓
2	Mazi S.I Ohuabunwa	Member	✓	✓	✓	✓
3	Mr. T. T. Osobu	Member	✓	✓	✓	✓
4	Sir I. T Onyechi	Member	✓	x	✓	✓

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

AUDIT COMMITTEE

The Committee comprises six members, three representing shareholders and three representing the board. In accordance with section 359(4) of the Companies and Allied Matters Act CAP C20 LFN 2004, the following members and Directors were elected and nominated pursuant to Section 359(5) of the said Act and will serve on the Committee up to the conclusion of year 2018 Annual General Meeting.

Members of the committee with meetings attended

S/NO	Membership	Status	Number of meetings attended					
			23rd Jan. 2018	8th May 2018	18th July 2018	6th Sept. 2018	30th Oct. 2018	22nd Nov. 2018
1	Dr. M. O. Ojinka	Chairman/S.Rep	✓	✓	✓	✓	✓	✓
2	Aare K. Danjuma	S/holders .Rep	x	✓	✓	✓	✓	✓
3	Alhaji M.I Jinadu	S/holders .Rep	✓	✓	x	✓	✓	✓
4	Engr. G. E. Omene	Director	✓	✓	✓	✓	x	✓
5	Sir I. T. Onyechi	Director	✓	✓	✓	x	x	✓
6	Mr. T. T. Osobu	Director	✓	x	✓	✓	✓	✓

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

BOARD APPOINTMENT PROCESS

The Board's appointment process is as follows:

a. Analysis of the requirements of the position in the case of an executive director
b. Receipt of recommendations/nominations/applications by the Nomination Committee
c. Background check along with screening of nominee's CV to ensure that there is appropriate balance of skills, experience and knowledge.
d. Evaluation of the candidates to be carried out through oral interview or other means (This evaluation and background check as mentioned above may be conducted by external consultants if considered appropriate.
e. Shortlisted candidates to be reviewed by the Committee on a one-on-one basis.
f. Recommendations of the Committee shall be made to the Board through the Chairman.
g. A chat shall be conducted with the nominee(s) by the Chairman and other members of the Board if need be.
h. Appointment of successful candidates shall be ratified at the meeting of the shareholders.
i. In the case of an Independent director, the Board shall satisfy itself that the person proposed to be appointed fulfils the specified regulatory conditions and that the proposed director is independent of the management.
j. Where there is disagreement amongst the interview panellists as to the success of a candidate the majority view shall prevail.
k. The appointment of a director is formalized through a letter of appointment

UNCLAIMED DIVIDEND

Total unclaimed dividend fund in the company stood at approximately ₦14,675,009.72 as at 30th September, 2018.

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

RELATIONS WITH SHAREHOLDERS

The Company remained committed to the sustenance of very good relationship with its shareholders and continued to maintain good level of communication through various programmes including the Annual General Meeting organized to interact with them.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company is committed to compliance with the SEC Code of Corporate Governance (the Code) and under the leadership of the Board; it ensures that the Company's business and practices are guided by the Code, relevant legislations and best practices.

Neimeth has made a lot of progress in complying with Corporate Governance principles, thus its certification as a Corporate Governance Rated Company (CGRS). We remain committed to improving on our compliance with the Code, until we reach a position of complete compliance.

NEIMETH'S SECURITIES TRADING POLICY

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

- It is pursuant to the above mentioned NSE Rule that Neimeth International Pharmaceuticals Plc.'s Securities Trading Policy is formulated.

- This Policy is designed to ensure compliance with NSE's Rule that no director, person discharging managerial responsibility or adviser of the Company and persons closely connected shall trade in the Issuer's securities during sensitive, restricted or closed periods.

- Having made specific enquiry of all our directors, they have complied with the stipulated standards regarding securities transactions by directors, as enshrined in the policy.

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

NEIMETH'S COMPLAINT MANAGEMENT POLICY

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

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

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

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

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

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

MARKETS, PRODUCTS & DISTRIBUTION

I. Markets & Products

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

NIGERIAN MARKET

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

a. Pharmaceutical business:

Neimeth's pharmaceutical business is broadly made up of

(I). Ethical Products: This comprises Neimeth's ethical brands including our flagship home grown product CIKLAVIT for the management of sickle cell disease. In addition products such as Normoretic, Flexodene, Tiocosid, etc and new branded generics are part of the portfolio.

(ii.) Consumer Products: This comprises over fifteen [15] major product groups divided into several presentations. High volume products like NCP, Pyrantrin, Obron – 6, Homtamin G and Pancemol are included as part of consumer products portfolio.

b. Veterinary Business:

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

ECOWAS MARKET

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

Neimeth 's List of Ethical & Consumer Products

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

Neimeth 's List of Ethical & Consumer Products

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

Neimeth 's List of Ethical & Consumer Products

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

II. Distribution

We have depots located in Lagos, Abuja, Ibadan, Onitsha, and Aba. These depots serve as our contact offices in these areas. Currently, we have about 100 salesmen that cover all the 36 states of Nigeria. We also have key distributors and wholesalers who represent our interests in areas where there are no depots. (Contact us for the distributor's name and address closest to you).

RESEARCH & DEVELOPMENT

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

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

(1) enhance efficacy

(2) create new therapeutic uses

(3) Increase sales potentials and profitability

(4) Expand usage extensions.

Our External R&D work entails working with Medical Scientists/Researchers to develop new products, conduct drug clinical trials and in-vitro drug studies. These drugs could be natural, and/or chemical (synthetic), oral, or parenteral. Our Mission is to expand and grow the exportation of health solutions to other countries after meeting local needs.

MANUFACTURING & CERTIFICATIONS

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

The Manufacturing Plant is certified by NAFDAC and licensed to manufacture pharmaceuticals by the Pharmacist Council of Nigeria (PCN). We make continuous efforts in upgrading our Plant and this is evident by our periodic restructuring and upgrading of equipment and machinery to accommodate new opportunities that have emerged in form of excess capacity utilization for contract manufacturing, product customization and product analysis.

To further expand our manufacturing capabilities, Neimeth International Pharmaceuticals Plc has also officially kicked off the construction of its N5 Billion Pharmaceutical Complex situated on an area covering 2.56 hectares of land in Anambra State. The new facility is poised to meet the relevant National and International standards.

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

COMMUNITY SERVICE

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

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

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

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

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

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

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

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

Neimeth also has technical expertise to assist State Governments in the area of "Drug Revolving Fund (DRF)" management to ensure greater mileage in quality and reach of State health programmes. Some States in the past have benefited from this medicare enhancement programme. The focus and cost effectiveness of these enlightenment and advocacy programmes make them most beneficial to the recipients and gives the highest visibility to government health programmes at highly subsidized rates.

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

HEALTH, SAFETY & ENVIRONMENT POLICY

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

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

Industrial Accident Prevention: We will strive to make our workplaces free of injuries and accidents with 100% safe work practices and safe conditions throughout our operations.

- Environmental Protection: We are committed to the protection of the environment and shall apply industry best practices as appropriate to minimize the generation of emissions and waste throughout our operations.

- Risk Assessment: Effective management of risk is fundamental to achieving safe operations. We will systematically identify potential hazards, assess their relative significance, develop reduction measures and establish suitable controls to ensure that risks are minimised.

- Emergency Preparedness: Being properly prepared for an emergency is of vital importance and is the responsibility of management, supervisors and employees at all levels. We will maintain emergency plans in cooperation with local authorities and emergency services groups to ensure a prompt, effective and integrated response to minimise harmful effects from any incidents.

- Regulatory Compliance: We will comply with all applicable laws, regulations, standards and recognised codes of practice and, where any of these are inadequate, adopt and apply high standards that reflect Neimeth's commitment to safety, the protection of the natural environment and the health of our workforce.

- Communication: We will clearly communicate our HSE commitments, responsibilities and performance to our employees, our contractors and the public.

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

The Directors submit herewith to the members of the company the statement of the Financial Position as at 30th September, 2018 together with the Comprehensive Income statement for the year ended on that date.

LEGAL FORM

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

PRINCIPAL ACTIVITIES

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

INTERNAL CONTROL

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

RESULTS FOR THE YEAR

	₦'000
Profit before taxation	202,479
Taxation	(18,444)

Profit after taxation	184,035
	========

DIRECTORS AND THEIR INTERESTS

a. The name of current Directors are shown on page 4

b. The Directors retiring by rotation at this Annual General Meeting in accordance with the company's Articles of Association are Mazi S. I. Ohuabunwa and Engr. G. E. Omene who being eligible, offer themselves for re-election.

c. The interest of each Director in the share capital of the company are as follows:

DIRECTORS' INTERESTS AS AT SEPTEMBER 30, 2017

S/No	DIRECTORS	HOLDINGS	INDIRECT INTEREST	HOLDINGS
1	DR. A.B.C. ORJIAKO	*******	ORDREC INVESTMENTS LIMITED HELKO NIG. LTD.	197,910,746 174,466,757
2	MR. CHRISTOPHER U. MMEJE	132,000	*******	*******
3	MR. MAZI S.I. OHUABUNWA	120,681,508	MASTA SERVICES COY LTD & ESI OHUABUNWA & SONS LTD	5,587,738 687,588
4	MR. OMENE GODWIN EYARUBERE	14,921,429	*******	*******
5	PROF. ELIJAH NDAJIYA SOKOMBA	550,000	INTERCEDD HEALTH PRODUCTS LTD	409,857,176
6	PROF. MAURICE MMADUAKOLAM IWU	28,266,989	*******	*******
7	MR. IKECHUKWU TAGBO ONYECHI	23,897,838	ALPHA PHARMACY & STORES LIMITED	65,911,998
8	MR. THOMAS TUNBOSUN OSOBU	73,795,092	*******	*******
9	MRS. ROSELINE A. OPUTA	205,742	*******	*******
10.	MRS BASHIRAT ODUNEWU	******	*******	*******

d. Directors Interest in Contract

None of the directors has notified the company for the purpose of section 277 of the Companies and Allied Matters Act Cap C20 LFN 2004 of any declarable interest in contract, in which the company is involved as at 30th September, 2018.

e. Directors' Responsibilities

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

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

ANALYSIS OF SHAREHOLDING

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

SUBSTANTIAL INTEREST IN SHARES

According to the Register of Members, the following shareholders of the Company held more than 5% of the issued Share Capital of the Company as at 30th September, 2018.

S/No	NAMES OF SHAREHOLDERS	UNITS	PERCENTAGE (%)
1	OHUABUNWA S. IHEANYICHUKWU	120,681,508	6.99%
2	HELKO NIGERIA LIMITED	174,466,757	10.11%
3	ORDREC INVESTMENTS LIMITED	197,910,746	11.46%
4	INTERCEDD HEALTH PRODUCTS LTD	409, 857, 176	23.74%

VALUE OF ASSETS

Particulars of the changes arising from additions and disposals of Property, Plant and Equipment during the year are contained in Note 21. Details of other assets of the Company as at 30th September 2018 are given in Notes 25 of the Statement of Financial Position.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility is a movement aimed at encouraging the populist to be more aware of the impact of our business and advantage towards the society, including their own stakeholders and the environment. The purpose of CSR is to drive change towards sustainability and business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. Our CSR activities bring qualitative enlightening programmes with partnership, support and sponsorship of organizations, NGOs and Governments bodies in Nigerian.

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

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

Neimeth will continue to sustain her cardiovascular/FITGAH centre at Ikeja and Oregun with the provision of free medical examination and management of hypertension subjects within her immediate communities. During the year total number of 2,467 subjects were examined and placed on Neimeth's anti-hypertensive products.

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

COMPANY'S DISTRIBUTORS

An exclusive distribution agreement was entered into in April 2015 with Worldwide Health Care Limited (WWCVL) for the distribution of about 75% of Neimeth's Major Brands.
The names of other Distributors during the period are as follows:

Iykmavian Pharmacy Ltd, Lagos
Santus Pharmacy, Lagos
Spine Products Ltd, Lagos
New Height Pharm, Lagos
U. J Madonna, Osogbo
Canez Pharmarcy, Onitsha
Eco Blessed Pharm Ltd, Onitsha

Ramsgate Pharm., Ota
Kamel Pharmacy, Calabar
Goodall Pharmacy Ltd, Ibadan
Latnas Pharmacy, Kano
Zagbayi Pharm Ltd, Minna
Tony Pharmacy, Kano

Prodave Pharmacy Ltd, Onitsha
Fiolu Pharm, Ilorin
Royal Michael Pharm, Benin
New Health Pharmacy Ltd, Abuja
Klen Pharmacy, Abuja
Lamed Pharmacy, Jos
Vidan Pharmacy, Jos
Warmeck Pharmacy, Aba
Skylark Pharmacy, Abuja
Gabytto Pharm Ltd, Yola
SamtadNig Ltd, Ikire, Osun
H-Medix Pharmacy, Abuja
Green Access Pharmacy, Abuja
Dilimi Pharmacy, Jos
Danny Faith Pharmacy, Lagos
Jay Moore Pharmacy, Aba

SUPPLIERS

The Company's significant suppliers are:

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

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

MANUFACTURING AND DISTRIBUTION AGREEMENTS

The Company is in a manufacturing agreement with Late Professor Ekeke for the manufacture of Ciklavit. This attracts a royalty payment of 5%.
Royalty charge during the year amounted to ₦2,553,464.45 (2017 – ₦1,200,261.19)

RESEARCH AND DEVELOPMENT

Research and Development ensures the continuity of the Company with special focus on increasing the Company's product profile, meeting demands of the market and our teeming customers. This is done by

constantly reviewing and improving on existing product formulations; researching into new product formulations and entering into contract agreement with overseas manufacturers.
The company has on-going work on several new products development and product registration processes among which are these:

1. Metformin Sustained Release Tablets (1000mg & 500mg) -Antidiabetic drug
2. Glimepiride Tablets (4mg & 2mg) -Antidiabetic drug
3. Aspirin Tablets 75mg (Low dose Aspirin) -Adjunct in the treatment Cardiovascular Disorders.
4. Atorvastatin Tablets (20mg & 10mg) -Antilipidaemic drug
5. Ketoconazole Cream 1% w/ -Antifungal
6. Ketoconazole + Sulphur Shampoo -Anti-dandruff
7. Pancemol PM (Paracetamol + Diphenhydramine Hcl) -Analgesic
8. Clotrimazole + Ichtamol cream -Antifungal & nappy rash
9. Diclofenac + Paracetamol Tablets -Analgesic

Products from overseas manufacturers undergoing registration process with NAFDAC:

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

EMPLOYEE INVOLVEMENT AND TRAINING

At Neimeth, we believe very much in employee involvement and participation. Employees are consistently involved in creating an environment that would have impact on decisions and actions that affect their jobs. We continuously improve our workplace environment by involving our employees as much as possible in all aspects of work decisions and planning that would increase ownership and commitment.
Every employee is regarded as unique and his impact is solicited and valued by Management. Employee and Management recognize that each employee is involved in running the business to provide quality products and services for our customers, shareholders and the community in which we operate.
Key to most employee involvement processes is team effectiveness, productivity, communication, problem solving, the development of reward and recognition systems. In return, employees are treated equitably, fairly and with dignity as individuals in a consistent manner.
Our training is structured to meet needs of the employees to make them more effective on the job, change their attitude and interest, thereby promoting ownership. In this regard, evaluation of the effectiveness/impact of the training is undertaken by Head of Departments six months post training.
At Neimeth, we will continue to invest in training and development of employees to make them more productive and effective in their jobs, directly contributing to the bottom line.

HEALTH, SAFETY AND WELFARE OF EMPLOYEE

Environmental Management Policy

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

Accordingly, we constantly monitor our emission of green house gases and ensure we reduce our carbon footprint through proper and periodic maintenance of our generators, proper servicing of our transport vehicles and through an annual corporate environmental objective which includes the planting of between 2-5 trees. Environmental audits are also carried out regularly and statutorily as required by law, at the end of which corrective and preventive actions are put in place to forestall any future occurrence.
This is achieved through the implementation of ISO 14001: 2015 and the continuous improvement of Environmental Management System (EMS)

Environmental Sustainability

At Neimeth, we make use of a wide range of resources like fuel, water and paper. The usage of these natural resources are monitored and measured and operational controls put in place to avoid wastages thereby promoting sustainability of these natural resources. In the case of water usage, this is achieved through the metering of the portable and de-ionized water lines and conducting regular leak audits which are quickly addressed. In 2016, the percentage water usage was 0.31% while in 2017, it was 1.65%, the marginal increase was as a result of increased production and in the case of paper usage, sending more memos via emails than hard copies and the use of both sides of the paper has reduced the paper used annually thereby ensuring sustainable operations. On Energy Usage, a lot of improvement was also recorded.
We have done a lot in the area of waste to landfill management through the introduction of various initiatives and as such we have consistently maintained a waste to landfill percentage of 0.6% between 2016-2017 with continuous improvement on the forefront of our priority burner.
Some of these initiatives employ the three Rs technique of Re-use, Reduce and Recycle, this we have been able to achieve through the segregation of our waste as commingling of waste was formerly the order of the day. Some of the waste like nylon, paper and waste cartons are sold to middle men which become raw material for some other companies thereby converting waste to wealth. Some of the production waste from the natural products are sold to pig farmers and used as feed for the pigs.
The Extended Producer responsibility (EPR) is our target whereby we will be responsible for the waste generated by the last item in our production process.

Health & Safety

At Neimeth, we are committed to conducting our manufacturing processes in a safe and accident free environment for all employees, contractors and visitors.
We have built a safety culture in our personnel through regular trainings, teaching them that their safety is in their hands and that safety is everybody's responsibility and not only a function of the management.
The management has on its own part made tremendous strides towards the provision of various controls both engineering and administrative and has also made adequate provision of PPEs for employees. The target is to have a zero accident environment where the employees come to work safe and go back same.
Visual aids in the form of safety signs have been made in the simplest of forms and language so that even the unlettered can decipher them. Employees are encouraged to report near misses and accident investigations are carried out accordingly and CAPA (Corrective and Preventive Actions) are put in place.
This giant stride is a huge improvement.

Neimeth HIV/AIDS Policy

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

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

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

POST BALANCE SHEET EVENTS

There were no other significant post balance sheet events, which could have had material effect on the state of affairs of the company for the period ended 30th September, 2018 which had not been adequately provided for or disclosed.

AUDITORS

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

By Order of the Board.

MRS. F. I. ONYENEKWE(FRC/ICAN/00000010082)
Company Secretary
Lagos, Nigeria
17th of December, 2018

Neimeth International Pharmaceuticals Plc. RC.1557

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

In accordance with Section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004, we confirm that we have examined the Auditors' Report for the year ended 30th September, 2018. We have obtained all the information and explanations we required.

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

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

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

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

Other members of the Audit Committee
Alhaji M. I. Jinadu
Alhaji K. Danjuma
Sir G. E. Omene
Sir I. T. Onyechi
Mr. T. T. Osobu

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

Independent auditor's report

To the Members of Neimeth International Pharmaceuticals Plc

Opinion
We have audited the financial statements of Neimeth International Pharmaceutical Plc (the company), which comprise the statement of financial position at 30 September 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at 30 September 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004.

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

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

Key Audit Matter	**How the matter was addressed in the audit**
Impairment of trade receivables The Company is exposed to credit arising from the company trade receivables The appropriateness of impairment calculation for long term over due credit which require significant management judgement, which makes it a key audit matter. Trade receivables are stated at fair value and subsequently measured at fair value less provision for impairment as disclosed in note 24 and 24.1 to the financial statements. Trade receivables are assessed and impaired on the bases of expected credit loss (ECL) in line with the new IFRS 9. The determination of the impairment of trade receivables requires the assessment of recoverables amounts, which requires judgement in the estimation of future payments.	We focused our testing of impairment on trade and other receivables on the assumptions of management and in line with IFRS 9. Our audit procedures included: - We assessed and tested the design and operating effectiveness of the controls over impairment calculations. - We reviewed the control put in place on the recoverability of the receivables that had been long overdue. - Evaluate whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9 and it is in agreement with our understanding of the business and the industry in which Neimeth operates. - We challenged management's assessment of the recoverability of aged and overdue receivables, payments with delayed or overdue repayments, considering historical patterns of amount owed and repayment as well as recent communications with their counterparties. - Evaluated the accounting principles underlying revenue recognition, which form the basis for the recognition of trade receivables.

PKF
Accountants & business advisers

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

ii Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

iv Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

PKF

Accountants &
business advisers

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

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

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

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

Dated: 26 November, 2018

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

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

Dr. A. B. C. Orjiako	**Mr. C. U. Mmeje**	**Mrs. F. I. Onyenekwe**
Chairman	**Ag. MD/ CEO**	**Gen. Mgr. Finance**
FRC/2013/IODN/00000003161	FRC/2014/CIBN/00000006114	FRC/2014/ICAN/00000010082

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

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

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

	Ordinary shares ₦'000	Share premium ₦'000	Accumulated loss ₦'000	Total equity ₦'000
At 30 September 2016	784,776	1,197,933	(760,291)	1,222,418
Changes in equity for 2016				
Loss for the year	-	-	(411,484)	(411,484)
Other comprehensive income				
Total comprehensive loss for the year	-	-	(411,484)	(411,484)
Transfer between share capital/ premium	78,478	(78,478)	-	-
Transaction costs for equity issue	-	(5,566)	-	(5,566)
At 30 September 2017	863,254	1,113,889	(1,171,775)	805,368

	Ordinary shares ₦'000	Share premium ₦'000	Accumulated loss ₦'000	Total equity ₦'000
At 1 October 2017	**863,254**	**1,113,889**	**(1,171,775)**	**805,368**
Changes in equity for 2018				
Profit for the year	**-**	**-**	**184,035**	**184,035**
Impact of IFRS 9			**(3,897)**	**(3,897)**
Other comprehensive income				
Total comprehensive profit for the year	**-**	**-**	**180,138**	**180,138**
At 30 September 2018	**863,254**	**1,113,889**	**(991,637)**	**985,506**

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

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

1. The Company

1.1 Legal form

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

1.2 Principal activities

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

2. Basis of preparation

2.1 Statement of compliance with IFRSs

These financial statements have been prepared for the year ended 30 September 2018 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011. Additional information required by local regulators has been included where appropriate.

2.1.1 Changes in accounting policies and disclosures

New and amended standards and interpretations

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

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

a IFRS 9 - Financial instruments: Impact on adoption

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

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

Changes to classification and measurement

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

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

• Debt instruments at amortised cost

• Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition

• Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition

• Financial assets FVPL

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

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

Changes to the impairment calculation

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

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

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

b IFRS 7 Revised (IFRS 7R)

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

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

c IFRS 15 Revenue from contracts with customers

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

The five-step model requires the Company to:

(i) identify the contract with the customer,

(ii) identify each of the performance obligations included in the contract,

(iii) determine the amount of consideration in the contract,

(iv) allocate the consideration to each of the identified performance obligations and

(v) recognise revenue as each performance obligation is satisfied.

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

2.2 Basis of measurement

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

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

2.3 Going concern assessment

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

2.4 Functional and presentation currency

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

2.5 Summary of Standards and Interpretations effective for the first time

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

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

b **Amendments to IFRS 4 Insurance Contracts**

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

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so called overlay approach;

- An optional temporary exemption from applying IFRS 9 for entities whose pre-dom-i-nant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

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

c **Amendments to IFRS 15 'Revenue from Contracts with Customers**

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

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

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

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

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

2.5.2 Amendments to IFRS 9 Financial Instruments

Effective on or after January 2018

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

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

d Amendments to IAS 40 Investment Property

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

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

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

f Amendments to IAS 28 Investments in Associates and Joint Ventures

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

2.5.2 Standards and interpretations issued/amended but not yet effective.

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

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

2.5.2.1 IFRS 16 'Leases'

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

- New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.
- IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.
- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.
- IFRS 16 supersedes the following Standards and Interpretations:
  a) IAS 17 Leases;
  b) IFRIC 4 Determining whether an Arrangement contains a Lease;
  c) SIC-15 Operating Leases—Incentives; and
  d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

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

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

a Amendments to IFRS 9 Financial Instruments

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

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

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

Also a revised version of IFRS 9 incorporating requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.
The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

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

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associ-ates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:
- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors’ interests in that associate or joint venture.

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

3. Summary of significant accounting policies

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

3.1 Intangible assets

3.1.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.
Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.
Amortisation periods and methods are reviewed annually and adjusted if appropriate.

3.1.2 Intangible assets generated internally

Expenditures on research or on the research phase of an internal project are recognized as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognized if, and only if, the following conditions apply:
- The Company has the intention of completing the asset for either use or resale.
- The Company has the ability to either use or sell the asset.
- It is possible to estimate how the asset will generate income.
- The Company has adequate financial, technical and other resources to develop and use the asset.
- The expenditure incurred to develop the asset is measurable.
- It is technically feasible to complete the asset for use by the Company.

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

3.2 Property, plant and equipment

3.2.1 Initial recognition

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

3.2.2 Subsequent costs

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

3.2.3 Depreciation of property, plant and equipment

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

	%
Land	Nil
Buildings	3
Office equipment and furniture	10
Machinery and equipment	10
Motor vehicles	20
Computer equipment	$33^1/_3$

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

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

3.2.4 Derecognition

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

3.2.5 Reclassification

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

3.3 Inventories

Inventories are valued at the lower of cost and net realisable value on a first-in, first-out basis. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity levels.

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

3.4 Impairment of non-financial assets

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

3.5 Financial instruments

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

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

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

3.5.1 Financial assets

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

a Classification

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

Held-to-maturity financial assets

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

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

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

Available-for-sale financial assets

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

b Recognition and measurement

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

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

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

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

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

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

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

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

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

c Reclassifications

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

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

3.5.2 Financial liabilities

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

Interest bearing borrowings

Interest bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.5.3 Impairment of financial assets

a Financial assets carried at amortised cost.

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

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

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

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

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

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

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

b Assets classified as available for sale

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

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

3.5.4 Offsetting financial instruments

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

3.6 Trade and other receivables

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

3.7 Cash and cash equivalents

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

3.8 Leases

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

3.8.1 As lessor

Operating leases

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

3.8.2 As lessee

Finance leases

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

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

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

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

Operating leases

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

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

3.9 Trade and other payables

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

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

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

3.10 Borrowing costs

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

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.11 Employee benefits

3.11.1 Defined contribution plan

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

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

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

3.11.2 Defined benefit plan

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

The calculation is performed annually by a qualified actuary using the projected credit unit method.
The company recognizes all actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.
The company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fair value of the plan asset, any change in the present value of defined benefit obligation, any related actuarial gains or losses and past services cost that had not previously been recognised.

3.11.3 Termination benefit

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

3.11.4 Short term employee benefits

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

3.12 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

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

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

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

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

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

3.13 Provisions

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

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

3.14 Equity instruments

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

3.15 Revenue recognition

3.15.1 Sale of goods

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

3.16 Foreign currencies

Foreign currency transactions

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

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

3.17 Segment reporting

An operating segment is a component of an entity:

a That engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same entity).

b Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment, assess its performance, and

c For which discrete financial information is available.

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

- With revenue (including both external sales and intersegment transfers) that is 10% or more of the total revenue of all the operating segments;

- With assets that are 10% or more of the combined assets of all the operating segments; or
- Where its profit or loss which, in absolute terms, is 10 per cent or more of the greater, in absolute amount, of the combined reported profit of all profit making operating segments and
- The combined reported loss of all loss-making operating segments.

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

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

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

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

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

The company should disclose the types of products and services from which each reportable segment derives its revenues.
Information about other business activities and operating segments that are not reportable shall be combined and disclosed in an 'all other segments'.
The sources of the revenue included in the 'all other segments' category shall be described.
An entity shall provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment.

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

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

i) Attributed to the entity's country of domicile and

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

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

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

4. **Critical accounting estimates and judgement**

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

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

a Defined benefit obligation

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

b Impairment of available-for-sale equity financial assets

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

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

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

c Impairment of property, plant and equipment and intangible assets

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

d Others are:

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

5. **Risk management framework**

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

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

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

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

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

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

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

5.1 Strategic risks

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

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

5.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors such as provider tariffs, medical costs, premium review for adequacy, prompt premium payments and collctions. 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:

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

5.3 Financial risks

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

- Credit risks
- Liquidity risks
- Market risks

a Credit risks

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

Exposure to risk

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

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

An analysis of trade receivables

	Carrying amount N'000	Note	Analysis of Receivables using simplified approach of IFRS 9: Performing ₦'000	Default ₦'000	Lost ₦'000
2018	**1,287,550**	**24.**	**591,115**	**506,265**	**190,171**
2017	1,005,695	24.	311,757	473,938	220,000

The Company allows an average debtors period of 90 days after invoice date. It is the Company's policy to assess trade receivables for recoverability on an individual basis and to test for impairment where it is considered necessary. In assessing recoverability the Company takes into account any indicators of impairment up until the reporting date. The application of this policy generally results in debts below 12 months not being provided for unless individual circumstances indicate that a debt is impaired. While full provision is made for debtors balances above 12 months.

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

b Liquidity risks

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

The Company employs policies and procedures to mitigate the it's exposure to liquidity risk. The Company complies with minimum regulatory requirements.

c Market risks

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

d Currency risk

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

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

6. Capital management

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

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

Approach to capital management

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

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

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

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

The debt-to-capital ratios at 30 September 2017 and its comparative year were as follows:

	2018 ₦'000	2017 ₦'000
Total liabilities	**1,322,814**	1,474,986
Total liabilities and equity	**2,308,320**	2,280,354
Debt-to-capital ratio	**0.57**	0.65

The decrease in the debt-to-capital ratio during 2018 resulted primarily from the decrease in the entiy's borrowings during the year.

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

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

7. Financial instruments and fair values

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

		2018 ₦'000	2017 ₦'000
8.	**Segment information**		
8.1	**Operating segments**		
	The Company has two reportable business segments, summarised as follows:		
	Pharmaceuticals product group:		
	This include the marketing and sales of the Company's branded products, and the consumer product group.		
	Animal health product group:		
	This include the marketing and sales of poultry and large animal range of anthelmintics as well as production enhancing medicaments.		
	Pharmaceuticals	**2,240,109**	1,498,027
	Animal health	**28,895**	35,976
		2,269,004	1,534,003
8.2	**Geographical segment**		
	The Company operates in two geograhic regions namely Nigeria and Ghana.		
	Nigeria	**2,240,546**	1,489,212
	Ghana	**28,458**	44,791
		2,269,004	1,534,003
	The reported revenue for animal health segment does not constitute up to 10% of the total turnover, hence, it was not separated for direct cost allocation in order to determine the gross profit.		
	There is no disclosure of depreciation, amortisation and assets per business segment because the assets of the Company are not directly related to a particular business segment.		
9.	**Cost of sales**		
	Opening raw material	**343,438**	457,310
	Purchases	**998,621**	505,031
	Raw material at 30 September	**(367,378)**	(343,438)
	Materials consumed	**974,681**	618,903
	Factory overhead expenses		
	Production salaries and wages	**142,091**	127,924
	Power and fuel	**35,752**	38,664
	Inventory cost variances	**(205,275)**	(268,150)
	Factory other expenses	**87,737**	67,138
	Depreciation:		
	- Plant and machinery	**52,682**	49,953
	- Building	**2,784**	7,823
	Obsolete,excess inventory recovery	**-**	(23,295)
	Physical inventory adjustment	**17,070**	(14,290)
		132,841	(14,233)
		1,107,522	604,670

		2018 ₦'000	2017 ₦'000
10.	**Other income**		
	Gains on disposal of property, plant and equipment (Note15)	**3,935**	905
	Sundry receipts	**8,322**	915
	Other finance income	**-**	3,673
	Interest income	**6,808**	-
		19,065	5,493
11.	**Marketing and distribution expenses**		
	Employee cost	**127,418**	134,661
	Transport and travelling	**75,043**	40,670
	Advert and promotions	**92,311**	64,546
	Depreciation of motor vehicle	**40,401**	51,800
	Communication and Subcription	**487**	736
	Gift and donation	**4,213**	712
	Printing and stationeries	**375**	469
	Rent and rate	**2,473**	13,415
	Product registration expenses	**3,050**	1,671
	Training and seminar	**85**	1,480
	Medical expenses	**181**	58
	Energy cost	**2,474**	2,663
	Repairs and maintenance	**5,567**	3,043
	Telephone and postages	**935**	1,074
	Corporate expenses	**5,059**	3,305
	Others	**1,769**	772
		361,841	321,075
12.	**Administration expenses**		
	Employee costs	**178,253**	199,087
	Impairment allowance for trade and other receivables	**188,824**	220,000
	Bad debt written off	**-**	883
	Corporate expenses	**345**	9,530
	Transport and travelling	**39,304**	53,654
	Legal, consultancy and professional fees	**9,250**	15,186
	Energy cost	**18,050**	14,671
	Rent and rate	**1,892**	336
	Bank charges and commission	**12,965**	20,239
	Insurance	**15,561**	13,533
	Repairs and maintenance	**2,673**	11,411
	Printing and stationeries	**1,339**	3,615
	Training and seminar	**4,004**	5,855
	Conference and meetings	**15,545**	29,858
	Medical expenses	**11,189**	9,385
	Telephone and postages	**11,907**	9,586
	Communication and Subcription	**886**	5,712
	Depreciation of office and computer equipment	**10,924**	7,419
	Audit fee	**8,085**	7,700
	Clinic/laboratory testing expenses	**9,516**	6,463
	Others (12.1)	2,451	7,754
		542,963	651,877

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

		2018 ₦'000	2017 ₦'000
13.	**Inventory written off**		
	Raw material destroyed by fire	-	513,007
	Insurance claim receivable	-	(190,034)
		-	322,973

13.1 N323 million in 2017 represents the value of the inventories written off as a result of fire incident that gutted the company's Oregun warehouse in the previous year after considering the N190 million agreed as full and final settlement from the insurance company as a claim.

		2018 ₦'000	2017 ₦'000
14.	**Foreign exchange gain**		
	Gain on currency translation	(3,165)	(40,446)
		(3,165)	(40,446)
15.	**Gain on disposal of property, plant and equipment**		
	Cost	45,709	15,932
	Accumulated depreciation	(45,124)	(15,931)
	Carrying amount	585	1
	Proceed on disposal	(4,520)	(905)
	(Profit)/loss on disposal	(3,935)	(904)
16.	**Finance costs**		
	Interest on term loans	58,974	68,590
	Interest on lease	17,455	15,677
		76,429	84,267
17.	**Decrease/(increase) in operating assets**		
	Inventories	5,368	37,026
	Trade receivables	(277,958)	319,212
	Other assets	39,610	(218,083)
		(232,980)	138,155
18.	**Increase/(decrease) in operating liabilities**		
	Trade and other payables	82,696	(98,822)
		82,696	(98,822)
19.	**Cash flow generated from/(used in) operations**		
	Profit/(Loss) before taxation	202,479	(404,920)
	Adjustments to reconcile (loss)/profit to net cash operating activities:		
	Depreciation of property, plant and equipment (Note 21.)	101,756	116,996
	Finance costs (Note 16.)	76,429	84,266
	Impairment of trade receivables (Note 24.1)	186,274	220,000
	Exchange gain on currency revaluation	(6,107)	(96,977)
	Gain on disposal of property, plant and equipment	(3,935)	(905)
	Reversal of amortisation on prior year	(3,897)	-
	Current income tax expenses	(18,575)	(12,757)
	Interest on other loans	5,703	21,910
	Interest payment other loans	-	(21,910)
	Increase in employee benefits	(27,753)	(36,348)
	Increase in operating assets (Note 17.)	(232,980)	138,155
	Increase in operating liabilities (Note 18.)	82,696	(98,822)
	Total adjustments	159,611	313,608
	Cash used in operations	362,090	(91,312)

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

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

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

20.1 Fair valuation methods and assumptions

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

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

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

20.2 Fair value measurements recognised at the reporting date

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

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

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

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

21. Property, plant and equipment

	Land	Building	Machinery and equipment	Furniture and fittings	Motor vehicles	Computer equipment	Capital work in progress	Assets under finance lease	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000		₦'000	₦'000
Cost									
At 1 October 2016	59,782	65,941	598,780	64,840	358,039	53,168	15,510	32,501	1,248,561
Addition in the year	-	-	-	-	-	-	182,757	-	182,757
Reclassification	16,550	530	29,130	5,649	-	36,889	(197,116)	108,368	-
Write off of assets	-	-	(507)	(958)	-	(259)	-	-	(1,724)
Disposal during the year	-	-	-	-	(15,932)	-	-	-	(15,932)
At 30 September 2017	**76,332**	**66,471**	**627,403**	**69,531**	**342,107**	**89,798**	**1,151**	**140,869**	**1,413,662**
Addition in the year	30,000	54,375	116,443	13,738	1,305	1,042	1,542	-	218,445
Reclassification to CWIP	-	-	-	-	-	(24,304)	24,304	-	-
Reclassification to motor vehicles	-	-	-	-	18,000	-	-	(18,000)	-
Transfer from CWIP	-	-	1,150	-	-	-	(1,150)	-	-
Transfer from intangible assets	-	-	-	-	-	-	29,340	-	29,340
Disposal during the year	-	-	(2,349)	-	(43,360)	-	-	-	(45,709)
At 30 September 2018	**106,332**	**120,846**	**742,647**	**83,269**	**318,052**	**66,536**	**55,187**	**122,869**	**1,615,738**
Accumulated Depreciation and impairment losses									
At 1 October, 2016	-	6,161	319,117	49,750	320,038	45,873	-	4,449	745,388
Charge for the year	-	1,991	51,801	3,183	24,650	11,035	-	18,504	111,164
Impairment due to fire incident	-	5,832	-	-	-	-	-	-	5,832
Write off of assets	-	-	(507)	(958)	-	(259)	-	-	(1,724)
Disposal	-	-	-	-	(15,931)	-	-	-	(15,931)
At 30 September 2017	**-**	**13,984**	**370,411**	**51,975**	**328,757**	**56,649**	**-**	**22,953**	**844,729**
Charge for the year	-	2,786	52,680	3,419	12,269	2,428	-	28,174	101,756
Reclassification to motor vehicles	-	-	-	-	10,200	-	-	(10,200)	-
Disposal	-	-	(1,764)	-	(43,360)	-	-	-	(45,124)
At 30 September 2018	**-**	**16,770**	**421,327**	**55,394**	**307,866**	**59,077**	**-**	**40,927**	**901,361**
Carrying amount									
At 30 September 2018	**106,332**	**104,076**	**321,320**	**27,875**	**10,186**	**7,459**	**55,187**	**81,942**	**714,377**
At 30 September 2017	76,332	52,487	256,992	17,556	13,350	33,149	1,151	117,916	568,933

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

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

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

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

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

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

		2018	**2017**
		₦'000	**₦'000**
23.	**Inventories**		
	Raw materials	**367,378**	343,438
	Work in progress	**76,303**	81,312
	Finished goods	**169,537**	224,606
	Spare parts	**20,451**	21,808
	Goods in transit	**49,787**	17,764
		683,456	688,928

23.1 Inventories to the value of **N683 mllion** (2017 : N689 million) were carried at net realisable value. No amount is recognised as expense in respect of write- down of inventories to net realisable value. Inventories are pledged as security for liabilities.

24.	**Trade receivables**		
	Trade receivables	**1,287,550**	1,005,695
	Impairments allowance (Note 24.1)	**(697,548)**	(507,377)
		590,002	498,318
24.1	**Impairments allowance**		
	At the beginning	**507,377**	287,377
	Re-measured at 1 January 2018 due to IFRS 9 adoption	**3,897**	-
		511,274	287,377
	Additional charge during the year	**186,274**	220,000
	At 30 September	**697,548**	507,377

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

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

		2018 ₦'000	2017 ₦'000
25.	**Other assets**		
	Staff loans	**9,920**	8,997
	Replaceable stocks (Note 25.1.)	**11,897**	26,975
	Prepayments	**32,698**	14,330
	Receivable from insurance company (Note 25.2.)	**190,034**	190,034
	Witholding Tax Receivable	**20,368**	30,086
	Advances to suppliers	**10,451**	40,977
	Impairments	**(308)**	-
		275,060	311,399

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

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

		2018 ₦'000	2017 ₦'000
26.	**Cash and cash equivalents**		
26.1	**Cash and cash equivalents as per statement of financial position**		
	Cash in hand	**17**	1
	Cash in banks	**45,408**	97,035
	Fixed deposit	**-**	90,975
		45,425	188,011
26.2	**Cash and cash equivalents as per statement of cash flow**		
	Cash and cash equivalents		
	Cash and bank balances (Note 26.1)	**45,425**	188,011
	Bank overdrafts (Note 27.5)	**-**	(73,090)
		45,425	114,921
27	**Borrowings**		
	Term loans (Note 27.1)	**708,478**	794,279
27.1	**Movement in term loans**		
	At 1 October	**619,368**	768,752
	Additions in the year	**-**	17,493
	Repayment during the year	**(97,202)**	(110,346)
	Exchange (gain)/loss	**(2,942)**	(56,531)
		519,224	619,368
	Other loan (Note 27.4.)	**189,254**	174,911
	At 30 September	**708,478**	794,279
	Analysis by maturity:		
27.1.1	**Current**		
	Diamond	**538**	91,617
	REAN	**-**	6,123
	DAEWOO	**518,686**	521,628
	Acrued interest on Other loan	**6,194**	491
		525,418	619,859

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

27.3 Diamond Bank

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

27.3.1 Daewoo Securities

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

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

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

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

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

27.4.1 Related Party Transaction

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

27.4.2. Unclaimed dividends converted to interest free loan

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

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

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

		2018 ₦'000	2017 ₦'000
27.5.2	**Import finance facilities**		
	1st October	**74,113**	121,610
	Additions in the year	**415,055**	348,248
	Repayment during the year	**(424,801)**	(395,745)
	At 30 September	**64,367**	74,113

27.5.3 N300 million Letter of Credit Finance Facility upon maturity, obtained from Diamond Bank to part finance the direct importation of pharmaceutical raw material and finished products, and for local purchases. The tenor is 365 days at an interest rate of 23% per annum. The security are as follows:
1. Lien on imported goods.
2. Mortgage debenture on the company's assets
3. Comprehensive insurance on approved collateral noting Diamond Bank Plc as first loss payee.

In addition, $821,917 dollars was obtained from Diamond bank on 16 May, 2018 to establish letter of credit for the direct importation of Pharmaceutical raw materials and finished products. Tenor is 365 at an interest rate of Libor +10% per annum, post negotiation. The security are as follows:
1. Lien on imported goods.
2. Mortgage debenture on the company's assets
3. Comprehensive insurance on approved collateral noting Diamond Bank Plc as first loss payee.

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

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

		2018 ₦'000	2017 ₦'000
28.1	**Discontinued gratuity**		
	1st October	**76,260**	5,071
	Provision	**-**	7,851
	Reclassification (Note 28.1.1.)	**-**	78,301
	Payment	**(19,409)**	(14,963)
	At 30 September	**56,851**	76,260

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

		2018 ₦'000	2017 ₦'000
29.	**Defined contribution plan**		
	At 1 October	**47,072**	83,420
	Provision for the year	**49,520**	87,545
	Reclassification	**(450)**	(78,301)
	Payment during the year	**(76,822)**	(45,592)
	At 30 September	**19,320**	47,072

30. Maturity profile of financial liabilities

	Due within			
	Below one year	**one - five years**	**five years and above**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
2018				
Loans and borrowings	**525,418**	**183,060**	**-**	**708,478**
Trade and other payables	**363,956**	**-**	**-**	**363,956**
Finance lease obligation	**32,753**	**17,721**	**-**	**50,474**
	922,127	**200,781**	**-**	**1,122,908**
2017				
Loans and borrowings	619,859	174,420	-	794,279
Trade and other payables	280,963	-	-	280,963
Finance lease obligation	38,635	50,485	-	89,120
	939,457	224,905	-	1,164,362

	2018	2017
	₦'000	**₦'000**
31. Movement in current tax liability		
At 1 October	**61,500**	67,693
Payment in the year	**(18,575)**	(12,757)
Charge for the year (Note 33.)	**18,445**	6,564
At 30 September	**61,370**	61,500

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

	2018	2017
32. Deferred tax liability		
At 1 October	**54,849**	54,849
Charge for the year	**-**	-
At 30 September	**54,849**	54,849

32.1 Deferred tax assets and liabilities

Reconciliation of deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

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

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

33. Current tax

	2018 ₦'000	**2017 ₦'000**
Minimum tax	**8,643**	6,564
Education tax	**9,801**	-
	18,444	6,564
Deferred taxation (Note 32)	**-**	-
As per statement of profit or loss and other comprehensive income	**18,444**	6,564

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

33.1 Reconciliation of effective tax rate

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

	2018	2017
Profit/(loss) before tax	**202,479**	(404,920)
Tax thereon @ 30%	**60,717**	(121,476)
Deductible items	**86,306**	87,423
Unrelieved Loss bfwd	**(33,782)**	33,782
Balancing charge	**1,345**	271
Capital allowance	**(114,586)**	-
Education tax	**9,801**	-
Minimum tax	**8,643**	6,564
Tax expense for the year	**18,444**	6,564
Proft/(loss) after tax	**184,035**	(411,484)

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

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

				2018 Number	2017 Number
38.5.	The average number of persons employed during the year by category:				
	Management			**39**	41
	Senior staff			**84**	93
	Junior staff			**46**	49
				169	183
38.6.	**Scale of employees' remuneration**				
	N		**N**		
	Below	-	250,000	**-**	-
	250,001	-	500,000	**-**	49
	500,001	-	750,000	**40**	35
	750,001	-	1,000,000	**45**	44
	1,000,001	-	1,250,000	**25**	14
	1,250,001	-	1,500,000	**7**	20
	Above		1,500,001	**52**	21
				169	183

39. Financial commitments

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

40. Capital commitments

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

41. Contingent liabilities

The Company is subject to various pending litigations arising in the normal course of business. The contingent liabilities in respect of pending litigations based on the response received from the company solicitors' was Nil as at 30 September 2018 (2017 : Nil).

42. Events after reporting date

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

43. Comparative figures

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

44. Financial Reporting Council of Nigeria (FRCN) waiver

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

45. Transition disclosures

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

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

Impact on Retained Earnings

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

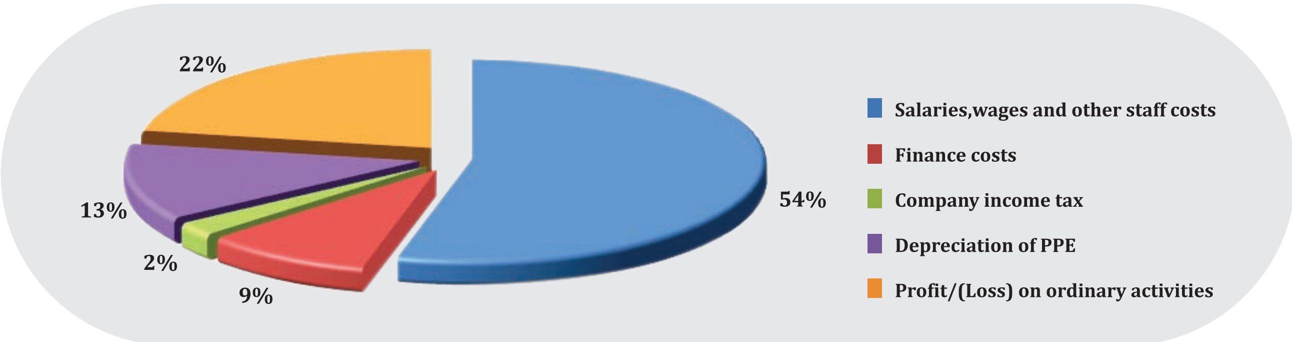
Movement in impairment allowance due to IFRS 9 adoption

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

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

Value added represents the additional wealth, the company has been able to create by its own and 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.

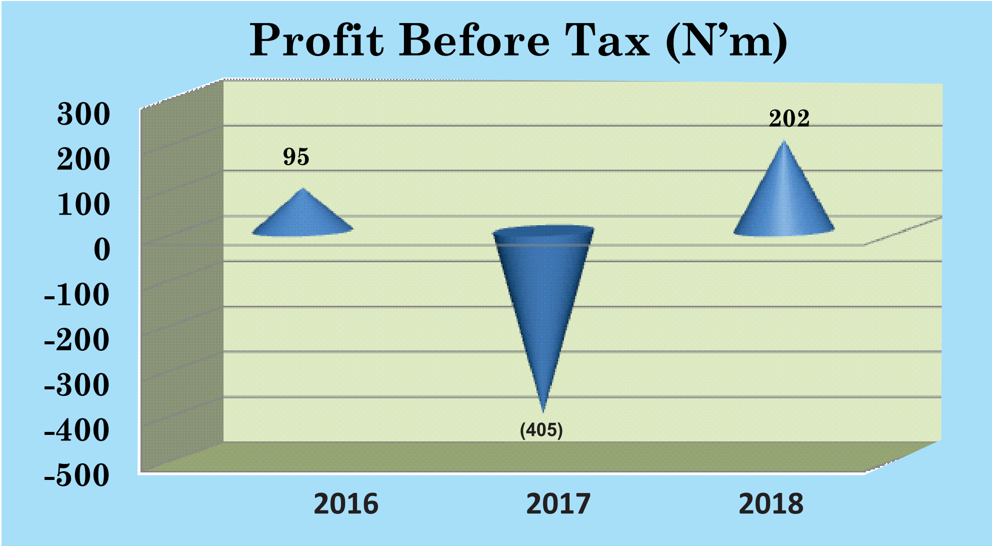
VALUE ADDED - 2018

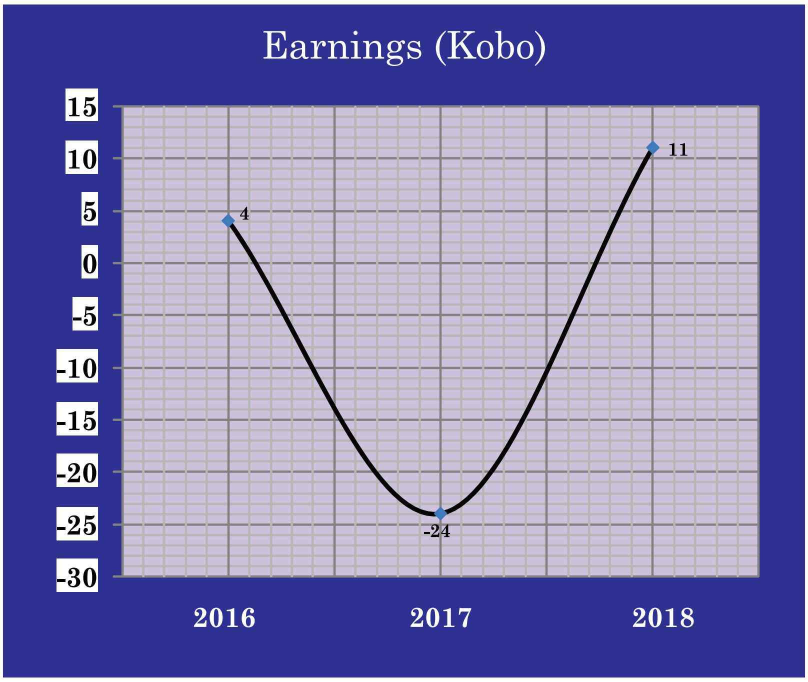


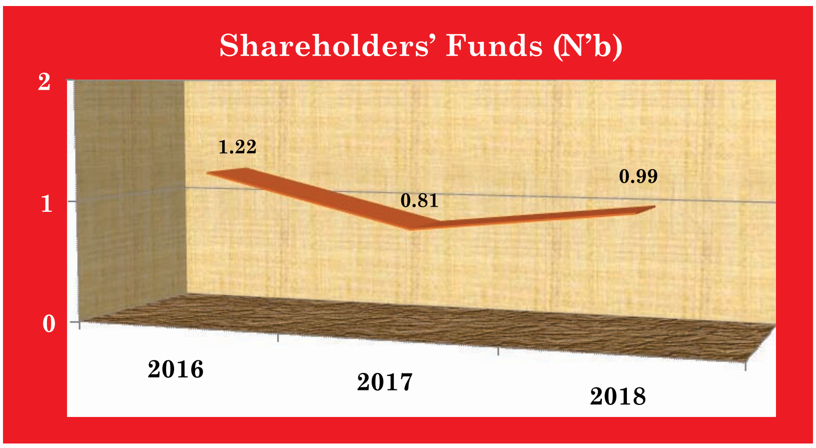
	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000
Statement of financial position					
Property, plant and equipment	**714,377**	568,933	503,173	471,396	541,976
Intangible assets	**-**	24,765	-	-	-
Deposit for shares	**-**	-	-	-	24,515
Net current assets	**526,759**	491,424	1,042,729	897,036	1,099,542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

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

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


Profit Before Tax (N'm)
300
200
100
0
-100
-200
-300
-400
-500
95
(405)
202
2016
2017
2018


Earnings (Kobo)
15
10
5
0
-5
-10
-15
-20
-25
-30
4
-24
11
2016
2017
2018


Shareholders' Funds (N'b)
2
1
0
1.22
0.81
0.99
2016
2017
2018

UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

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

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

A. DIVIDEND ISSUED

Dividend No.	Date Declared
18	30-11-1994
19	31-05-1995
20	30-11-1996
21	30-11-1997
22	30-11-1998
23	30-09-2002
24	31-03-2003
25	31-03-2004
26	31-03.2005
27	31-10-2006
29	10-09-2008
30	27-09-2011

B. **CERTIFICATES ISSUED**

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

At the moment, the unclaimed accounts show that some dividend warrants have not been presented to the Banks for payment. A number of share certificates have also been returned to the Registrar as unclaimed.
This notice, therefore, serves to remind shareholders, in their own interest, to contact the address below for any unclaimed or unpaid dividends and/or any unclaimed share certificates.

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

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

YEAR	AUTHORIZED		ISSUED AND PAID UP		CONSIDERATION
	N CHANGE	N CUMMULATIVE	N CHANGE	N CUMMULATIVE	
Aug 57	50,000	50,000	4	4	Cash
Sep 57	-	50,000	6,996	7,000	Cash
1965	950,000	1,000,000	0	0	-
1966	-	1,000,000	303,192	310,192	Cash
1971	-	1,000,000	52,638	362,830	Bonus
1973	-	1,000,000	615,000	977,830	Cash
Mar 77	-	1,000,000	0	0	-
Jul 77	-	1,000,000	488,914	1,466,744	Bonus
Sep 77	Nomin value Changed to 50k p/share	4,000,000	0	0	-
Apr 78	-	4,000,000	783,256	2,250,000	Bonus
Nov 78	-	4,000,000	1,500,000	3,750,000	New Issue
1980	1,000,000	5,000,000	937,500	4,687,500	Bonus
1981	3,000,000	8,000,000	937,500	5,625,000	Bonus
1983	-	8,000,000	1,406,250	7,031,250	Bonus
1985	4,000,000	12,000,000	1,406,250	8,437,500	Bonus
1987	-	12,000,000	2,109,375	10,546,875	Bonus
Jan 92	38,000,000	50,000,000	0	10,546,875	-
Jul 92	-	50,000,000	21,094,000	31,640,875	Rights Issue
Apr 99	-	50,000,000	7,910,218	39,551,093	Bonus
Apr 99	75,000,000	125,000,000	16,737,163	56,288,256	Right/Public Offer
2001	-	125,000,000	228,540	56,516,796	Cash
2002	-	125,000,000	350,000	56,866,796	Cash
Sep 03	-	125,000,000	11,373,359	68,240,155	Bonus
Sep 03	-	125,000,000	1,298,261	69,538,416	Cash
2004	-	125,000,000	12,565,429	82,103,845	Cash
Jul 05	-	125,000,000	10,421,000	92,524,845	Cash
Jul 05	-	125,000,000	18,504,800	111,029,645	Bonus
Sep 05	625,000,000	750,000,000	-	-	-
Mar 06	-	750,000,000	217,600,713	328,630,358	Cash
Sept 08	-	750,000,000	82,158,000	410,788,358	Bonus
Oct 2011	250,000,000	1,000,000,000	486,382,724	653,979,720	Rights Issue
Mar 2014	-	1,000,000,000	130,795,944	784,775,664	Bonus
Feb 2017	-	1,000,000,000	78,477,566	863,253,230	Bonus

Annual General Meeting to be held at 12.00 noon. on Wednesday 6th February, 2019 atLagos Airport Hotel Limited, 111 Obafemi Awolowo Way, Ikeja , Lagos.

I/We____

of____

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

……………………………………………………….

or failing him, the Chairman of the meeting as my/our Proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on 6th February, 2019and at any adjournment thereof.

Dated this ………..Day…………………..2019

Shareholder's Signature…………………………….

S/N	NUMBER OF SHARE RESOLUTION	FOR	AGAINST
1.	Receive the Report of the Directors, the Statement of Financial Position as at September 30th, 2018, together with the Statement of Comprehensive Income for the year ended on that date and the Reports of the Auditorsand Audit Committee thereon.		
2.	Ratify appointment of Directors		
3.	Re-elect Directors i. Mazi S. I. Ohuabunwa ii. Engr. G. E. Omene		
4.	Approve the remuneration of Directors		
5.	Authorize the Directors to fix the remuneration of The Auditors for the ensuing Financial year.		
6.	Elect members of the Audit Committee		
7.	**SPECIAL RESOLUTION:** "That pursuant to Articles 119 and 121 of the Memorandum and Articles of Association of the company, the recommendation of the Directors that the sum of ₦86,325,323.00 being part of the sum standing to the credit of share premium be capitalized and that the Directors be and they are hereby authorized to appropriate such sum to the holders of ordinary shares registered at the close of business on Thursday, 17 th January, 2019 in the proportion to the number of ordinary shares then held by them respectively t o apply such sum on behalf of such holders in paying in full 172,650,646 of the unissued ordinary shares in the capital of the company, such shares to be allotted, distributed and credited as fully paid up, to and amongst such holders in proportion of 1 for 10 ordinary shares then held and that such shall rank for all purposes pari -passu with the existing issued ordinary shares of the company."		

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

SERIAL NUMBER …………………

NUMBER OF SHARES ……………

ADMISSION CARD
Annual General meeting to be held at 12.00 noon on Wednesday,6 th February, 2019 at Lagos Airport Hotel Limited, 111 Obafemi Awolowo Way, Ikeja , Lagos.

IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote on a poll by proxy. The a bove card has been prepared to enable you to exercise your right to vote, in case you cannot personally attend the meeting.
Following the normal practice, the Chairman of the meeting has been entered on the card to ensure that someone will be in the meeting to act as proxy, but if you wish, you may insert in the blank space on the card (marked**) the name of any person. Whether a member of the Company or not, who will attend and vote on your behalf instead.

Please sign the above proxy and post it as to reach the address on the other side not later than 1 2.00noon on 6th February, 2019. The company will have a ₦50 Stamp endorsed by the Commissioner for Stamp Duties in the space provided above. If executed by a Corporation, the Proxy Car d should be sealed with the Common Seal.

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

Signature of person attending…………………………………….

Neimeth International Pharmaceuticals Plc
(RC: 1557)

Application Form
for e-bonus & e-dividend

Dear Shareholder(s)

SHAREHOLDER\S DATA UPDATE

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

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

E-mail Add: ……………………………………………. Name of Bank ……………………………………..

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

No. of Units held …………………………………..

NAME OF SHAREHOLDER/CORPORATE SHAREHOLDER ……………………………………………

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

NAME OF COMPANY IN WHICH YOU HAVE SHARES

REGISTRAR'S USE
NAME……………….
SIGNATURE………..
USE …………………

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

Yours faithfully,

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

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

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

2 0 1 9

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use company seal.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC
(RC: 1557)

The Registrar
Meristem Registrars and Probate
Services Limited
213, Herbert Maculay Way,
Adekunle, Yaba, Lagos.