NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL STATEMENTS
31 DECEMBER 2022

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

Contents **Page**

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022	Notes	15 Months Ended 31-Dec-22 N'000	12 Months Ended 30-Sep-21 N'000
Assets			
Non-current assets			
Property, plant and equipment	16.	2,867,766	1,411,998
Investment properties	17	34,010	35,096
		2,901,776	1,447,094
Current assets			
Inventories	18.	1,846,461	1,464,421
Trade and other receivables	19.	1,388,041	1,276,208
Other current assets	20.	62,505	61,708
Cash and cash equivalents	21.1	448,210	2,025,239
		3,745,217	4,827,576
Total assets		6,646,993	6,274,670
Liabilities			
Current liabilities			
Trade and other payables	24	1,303,557	793,525
Current borrowing	22.4	913,850	13,565
Current portion of long term borrowings	22.1	1,363,101	1,099,734
Finance lease liabilities	29.	-	-
Current tax payable	26.	68,526	135,726
Deferred fair value gain on loan	23	-	76,926
		3,649,034	2,119,476
Non-current liabilities			
Non-current portion of long term borrowings	22.1	1,996,640	1,932,727
Deferred fair value gain on loan	23	-	702,174
Deferred tax liability	27.	106,226	106,226
		2,102,866	2,741,127
Total liabilities		5,751,900	4,860,604
Net assets		895,094	1,414,067
Equity			
Ordinary shares	30.2	949,579	949,579
Share premium	30.3	8,820	104,880
Retained earnings	31.	(63,305)	359,608
Total equity		895,094	1,414,067

These financial statements were approved by the Board of Directors on 27 January 2023 and signed on its behalf by:

Pharm. M. O. Azoji
Managing Director / CEO
FRC/2013/IODN/00000003161 FRC/2016/PCNNG/00000014686

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

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

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

	Note	3 Months ended 31-Dec-22 N'000	15 Months ended 31-Dec-22 N'000	12 Months ended 30-Sep-21 N'000	% G+(-)
Turnover	8	946,300	**3,649,153**	3,046,661	20%
Cost of sales	9	**(674,273)**	**(2,275,001)**	(1,601,458)	42%
Gross profit / (Loss)		**272,027**	**1,374,152**	**1,445,203**	-5%
Other income	10	**9,774**	**35,938**	202,023	-82%
Marketing and distribution expenses	11	**(179,430)**	**(755,772)**	(579,694)	30%
Administrative expenses	12	**(172,560)**	**(749,293)**	(513,938)	46%
Exchange Gain / (Loss)	13	**(90,663)**	**6,224**	(93)	-6792%
Operating (Loss) / Profit		**(160,852)**	**(88,749)**	**553,501**	-116%
Finance costs	14	**(19,455)**	**(201,221)**	(188,216)	7%
(Loss) / Profit before taxation		**(180,307)**	**(289,972)**	**365,285**	-179%
Income tax expense	28	**-**	**-**	(94,708)	-100%
(Loss)/Profit for the year from continued operation		**- 180,307**	**- 289,972**	**270,577**	-207%
Other comprehensive income					
Gain on available for sale assets			**-**	-	
Total other comprehensive income		**-**	**-**	-	
Total comprehensive (Loss)/Profit		**(180,307)**	**(289,972)**	270,577	-207%
Basic (loss)/earnings per share	32	**-9%**	**(15)**	14.25	

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Ordinary shares N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 October 2020	949,579	112,606	212,476	1,274,661
Changes in equity the year				
Profit for the year	-	-	**270,576**	270,576
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	-	**270,576**	270,576
Dividend declared and paid	-	-	**(123,445)**	(123,445)
Transaction costs for equity issue	-	**(7,726)**	-	(7,726)
At 30 SEPTEMBER 2021	949,579	104,880	359,608	1,414,067
At 1 October 2021	**949,579**	**104,880**	**359,608**	**1,414,067**
Changes in equity for the Period				
Loss for the year	**-**	**-**	**(289,972)**	**(289,972)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive Loss for the quarte	**-**	**-**	**(289,972)**	**(289,972)**
Dividend declared and paid	**-**	**-**	**(132,941)**	**(132,941)**
Transaction costs for equity issue	**-**	**(96,060)**	**-**	**(96,060)**
At 31 December 2022	**949,579**	**8,820**	**(63,305)**	**895,094**

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Notes	31-Dec-22 N'000	30-Sep-21 N'000
Profit for the year		**(289,972)**	270,576
Adjustment for:			
Depreciation of property, plant and equipment	16	**143,476**	107,065
Adjustment on PPE	16	**-**	247
Depreciation of investment properties	17	**1,086**	869
Gain or loss on disposal	10	**-**	(4,857)
Impairment loss on trade receivables	19.2	**24,000**	59,030
Provision no longer required	10	**-**	**(57,343)**
Impairment write back	19.2	**-**	-
Finance cost	14	**201,221**	188,216
Exchange loss	13	**(6,224)**	93
Income tax expenses	28	**-**	23,186
		73,586	587,082
Changes in:			
Increase in inventories		**(382,040)**	(25,265)
(Increase)/decrease in trade receivables		**(135,833)**	(309,153)
Decrease/(increase) in other asset		**(797)**	29,521
Increase in trade and other payables		**510,031**	79,862
Decrease in finance lease liability		**-**	(6,358)
Decrease in deferred tax liability		**-**	71,522
Cash generated from operating activities		**64,948**	427,212
Income tax paid	26.	**(67,202)**	(81,180)
Net cash from operating activities		**(2,254)**	346,032
Cash flows from investing activities			
Purchase of property plant and equipment	16	**(1,599,245)**	(344,068)
Proceed from disposal of property, plant and equipment	10.1	**-**	4,857
Net cash used in investing activities		**(1,599,245)**	(339,211)
Cash flows from financing activities			
Proceed from import finance facility	22.4.2	**1,000,000**	-
Repayment of loans		**(1,481,668)**	(36,303)
Current borrowing (paid) / obtained	22.4	**-**	(297,981)
Finance cost paid	14	**(167,083)**	(174,604)
Proceeds from term loan	22	**400,000**	-
Dividend paid	31	**(132,941)**	(123,445)
Capital restructuring cost	30.3	**(96,060)**	(7,726)
Net cash (used in)/from financing activities		**(477,752)**	(640,059)
Effect of exchange rate changes on cash and cash equivalents		**1,937**	10,099
Net (decrease)/increase in cash and cash equivalents		**(2,079,251)**	(633,238)
Cash and cash equivalents at 1 October		**2,011,674**	2,634,814
Cash and cash equivalents at 31 December	21.2	**(65,640)**	2,011,674

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

1. The Company

1.1 Legal form

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

1.2 Principal activities

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared for the year ended 30 September 2021 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011. Additional information required by local regulators has been included where appropriate.

2.2 Basis of measurement

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

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

2.3 Going concern assessment

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

2.4 Functional and presentation currency

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

2.5. Summary of Standards and Interpretations effective for the first time

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.

2.5.1 Standards Issued and Effective on or after 1 January 2022

a) IFRS 17 Insurance Contracts

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. This standard replaces IFRS 4 – Insurance contracts.

The key principles in IFRS 17 are that an entity:

a) identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain, future event (the insured event) adversely affects the policyholder;

b) separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;

c) divides the contracts into groups it will recognise and measure;

d) recognises and measures groups of insurance contracts at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all the available information about the fulfilment cash flows in a way that is consistent with observable market information plus (if this value is a liability) or minus (if this value is an asset) an amount representing the unearned profit in the group of contracts (the contractual service margin);

e) recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk, if a group of contracts is or becomes loss-making, an entity recognises the loss immediately;

f) presents separately insurance revenue, insurance service expenses and insurance finance income or expenses;

g) discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of the entity. To do this, an entity discloses qualitative and quantitative information about:
   - the amounts recognised in its financial statements from insurance contracts;
   - the significant judgements, and changes in those judgements, made when applying the Standard; and
   - the nature and extent of the risks from contracts within the scope of this Standard.

2.5.2 Narrow Scope Amendments deferred until further notice

a) IFRS 10 consolidated financial statements

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

b) IAS 28 Investments in Associates and Joint Ventures
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.2.4 Derecognition

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

3.2.5 Reclassification

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

3.3 Investment properties

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

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

3.4 Inventories

Inventories are valued using standard costing method of valuation. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity levels.

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

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

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

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

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

3.6.2 Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in three categories:
- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss (the Company however has no financial instrument in this category).

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

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

c) Financial assets carried at amortised cost

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

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisatior

The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

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

3.6.3 Financial liabilities

3.6.3.1 Initial recognition and measurements

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

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

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

3.6.3.2 Derecognition

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

3.6.4 Impairment of financial assets

3.6.4.1 Impairment of financial assets

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

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

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

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

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

3.6.4.2 Credit-impaired financial assets

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

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

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

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

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

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

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

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

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

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

3.10 Borrowing costs

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

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

3.10.1 Loans and borrowings

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

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

3.10.2 Deferred fair value gain on loans

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

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

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

For the purpose of presenting the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts.

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

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

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

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

3.13.2 Defined benefit plan
A defined benefit plan is a post-employment benefit plan other than a 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.

3.13.3 Termination benefit

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

3.13.4 Short term employee benefits

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

3.14 Taxation

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

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or

substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

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

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

3.15 Provisions

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

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

3.16 Revenue recognition

3.16.1 Sale of goods

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

3.17 Foreign currencies

Foreign currency transactions

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

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

- Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalization to assets under construction.
- Exchange differences on transactions entered into to hedge foreign currency risks.
- Exchange differences on loans to or 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.

3.18 Segment reporting

An operating segment is a component of an entity:

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

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

c) For which discrete financial information is available.

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

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

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

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

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

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

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

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

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

The sources of the revenue included in the 'all other segments' category shall be described.
An entity shall provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment.

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

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

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

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

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

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

a) Defined benefit obligation

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

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

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

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

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

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

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

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

d) Others are:

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

5. Risk management framework

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

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

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

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

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

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

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

5.1 Strategic risks

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

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

5.2 Operational risks

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

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

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

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

5.3 Financial risks

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

- Credit risks
- Liquidity risks
- Market risks

a) Credit risks

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

Exposure to risk

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

	31-Dec-22	30-Sep-21
	N'000	N'000
Financial assets		
Trade and other receivables	**1,388,041**	1,276,208
Cash and cash equivalents	**448,210**	2,025,239

Ageing of past due receivables:		
0 - 90 days		16,951
91 - 180 days		23,961
181 - 270 days		2,248
271 - 365 days		714
Over 365 days		716,972
Total	-	760,846

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

b) Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.
The Company employs policies and procedures to mitigate it’s exposure to liquidity risk.

c) Market risks

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

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

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

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

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

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

The safeguarding of the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders by pricing products commensurately with the level of risk.
Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt ÷ capital:

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

The debt-to-capital ratios at 31 October 2021 and its comparative year were as follows:

	31-Dec-22	30-Sep-21
	N'000	N'000
Total liabilities	**5,751,899**	4,860,604
Total liabilities and equity	**6,646,993**	6,274,670
Debt-to-capital ratio	**0.87**	0.77

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

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

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

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Sep-21
	N'000	N'000

8. Segment information
8.1 Operating segments
The Company has two reportable business segments, summarised as follows:

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

Animal health product group:
This include the marketing and sales of poultry and large animal range of anthelmintic as well as production enhancing medicaments.

	31-Dec-22	30-Sep-21
Pharmaceuticals	**3,555,290**	2,803,466
Animal health	**93,863**	243,195
	3,649,153	3,046,661

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

	31-Dec-22	30-Sep-21
Nigeria	**2,859,657**	**3,011,319**
Ghana	**-**	35,342
	2,859,657	3,046,661

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

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

	31-Dec-22	30-Sep-21
	N'000	N'000
9. Cost of sales		
Raw material		
Opening stock at 1 October	**734,778**	726,947
Add purchases	**1,802,452**	1,247,555
	2,537,230	1,974,502
Less: Closing stock at 31 December	**(796,133)**	(734,778)
Product Cost	**1,741,097**	1,239,724
Factory overhead expenses		
Production salaries and wages	**311,426**	269,444
Power and fuel	**81,832**	30,792
Factory other expenses	**157,103**	130,191
Depreciation: - Plant and machinery	**89,780**	56,263
- Building	**3,967**	3,967
Obsolete, excess inventory recovery	**-**	26,026
(Increase)/decrease in finished goods	**(54,603)**	(116,764)
(Increase)/decrease in work in progress	**(42,667)**	(37,033)
(Increase)/decrease in spares parts	**(12,934)**	(1,152)
	533,904	361,734
	2,275,001	1,601,458

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

10. Other income

Gains on disposal of property, plant and equipment (Note 10.1)	-	-
Sundry receipts (Note 10.2)	-	-
Sales of crap	-	1,198
Insurance claim	12.00	-
Lease rental income (Note 10.3)	35,925	8,333
Provision no longer required	-	-
Reversal of accrued interest on Daewoo loan (10.4)	-	-
Fair value adjustment	-	-
	35,938	9,531
	2022	2021
	N'000	N'000

10.1. Gain on disposal of property, plant and equipment

Cost	-	-
Accumulated depreciation	-	-
Carrying amount	-	-
Proceed on disposal	-	-
Profit on disposal	-	-

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

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

10.4. This represent reversal of accrued interest on Daewoo loan no longer required from 12 September, 2019 to30 September 2021. Daewoo Securities (Europe) Limited was dissolved following a member voluntary winding up and a liquidator was appointed to file the final account at the company house in UK. Further provisioning of accrued interest on Daewoo has been put on hold and the interest accrued from September 2019 to September 2021 is now reversed.

11. Marketing and distribution expenses

Employee cost	304,970	205,378
Transport and travelling	86,073	47,939
Advert and promotions	259,091	224,459
Depreciation of motor vehicle	39,968	38,614
Communication and subscription	325	2,072
Donation	499	261
Printing and stationeries	936	1,634
Rent and rate	5,060	1,771
Product registration expenses	815	8,654
Training and seminar	25	-
Medical expenses	192	552
Energy cost	22,912	16,398
Repairs and maintenance	14,087	8,474
Telephone and postages	4,816	4,617
Corporate expenses	6,007	12,698
Others	9,997	6,173
	755,772	579,695

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Sep-21
	N'000	N'000
12. Administration expenses		
Employee costs	**267,822**	188,726
Impairment allowance for trade and other receivables	**24,000**	59,030
Corporate expenses	**33,607**	15,654
Transport and travelling	**54,697**	33,222
Legal, consultancy and professional fees	**16,335**	13,320
Energy cost	**58,694**	47,359
Rent and rate	**-**	1,500
Bank charges and commission	**53,257**	18,055
Insurance	**20,066**	12,414
Repairs and maintenance	**19,972**	11,575
Printing and stationeries	**8,846**	2,946
Training and seminar	**5,504**	3,604
Conference and meetings	**51,731**	42,540
Medical expenses	**25,614**	18,151
Telephone and postages	**18,061**	13,610
Communication and subscription	**11,188**	5,795
Depreciation of office and computer equipment	**15,045**	12,188
Audit fee	**7,525**	8,894
Gift and donation expenses	**2,446**	548
Security expenses/ Laboratory Expenses	**6,199**	3,876
Others (Note 12.1)	**48,680**	931
	749,293	513,937

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

13. Foreign exchange loss		
Loss on currency translation	**(6,224)**	93
14. Finance costs		
Interest expenses	**201,221**	188,126
Interest on term loans	**-**	-
Interest on lease	**-**	90
	201,221	188,216
Less accrued interest in the year		
Accrued interest on debenture (Note 22)	**-**	-
Accrued interest (Note 22.1)	**34,138**	13,612.00
	34,138	13,612
Finance costs paid	**167,083**	174,604

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

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

	Note	Financial assets		Financial liabilities		
		Fair value through profit or loss	Amortised cost	Amortised cost	Total carrying amount	Fair value
		N'000	N'000	N'000	N'000	N'000
At 31 December 2022						
Assets						
Trade and other receivables	19	**-**	**1,388,041**	**-**	**1,388,041**	**2,173,766**
Cash and cash equivalents	21.1	**448,210**	**-**	**-**	**448,210**	**448,210**
		448,210	**1,388,041**	**-**	**1,836,251**	**2,621,976**
Liabilities						
Trade and other payables	24	**-**	**-**	**1,303,557**	**1,303,557**	**1,303,557**
Borrowings (Current portion)	22.1	**-**	**-**	**1,363,101**	**1,363,101**	**1,363,101**
Finance lease payable	29	**-**	**-**	**-**	**-**	**-**
		-	**-**	**2,666,658**	**2,666,658**	**2,666,658**
At 30 September 2021						
Assets						
Trade and other receivables	19	-	1,276,208	-	1,276,208	2,005,696
Cash and cash equivalents	21.1	2,025,239	-	-	2,025,239	2,025,239
		2,025,239	1,276,208	-	3,301,447	4,030,935
Liabilities						
Trade and other payables	24	-	-	793,525	793,525	793,525
Borrowings (Current portion)	22.1	-	-	1,099,734	1,099,734	1,099,734
Finance lease payable	29	-	-	-	-	-
		-	-	1,893,259	1,893,259	1,893,259

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

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

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

15.2 Fair value measurements recognised at the reporting date
Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.
Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: for equity securities not listed on an active market and for which observable market data exist that the company can use in order to estimate the fair value.
Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

16. Property, plant and equipment

	Land N'000	Building N'000	Machinery and equipment N'000	Furniture and fittings N'000	Motor vehicles N'000	Computer equipment N'000	Capital work in progress N'000	Assets under finance lease N'000	Total N'000
Cost									
At 1 October 2020	85,865	132,242	822,580	109,709	401,442	71,463	563,430	88,078	2,274,809
Addition in the year	-	-	-	-	-	-	344,068	-	344,068
Reclassification from CWIP	-	-	74,134	320	53,190	1,239	(128,884)	-	(1)
Disposal	-	-	-	-	(52,633)	-	-	-	(52,633)
Adjustment						-270	0		(270)
At 30 September 2021	85,865	132,242	896,714	110,029	401,999	72,432	778,614	88,078	2,565,973
Addition in the year	(0)	33,507	343,089	6,767	80,179	15,887	1,119,815	-	1,599,245
Reclassification from CWIP	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
At 31 December 2022	85,865	165,749	1,239,803	116,796	482,178	88,319	1,898,429	88,077	4,165,218
Accumulated depreciation and impairment losses									
At 1 October 2020	-	12,532	542,946	66,921	348,439	67,705	-	61,024	1,099,567
Charge for the year	-	3,967	56,263	6,240	20,999	1,981	-	17,615	107,065
Disposal		-	-	-	(52,633)		-	-	(52,633)
Adjustment	-	-	-	-	-	(23)	-	-	(23)
At 30 September 2021	-	16,499	599,209	73,161	316,805	69,663	-	78,639	1,153,976
Charge for the year	-	6,154	76,054	8,157	37,707	5,967	-	9,438	143,476
Disposal	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
At 31 December 2022	-	(22,653)	(675,263)	(81,318)	(354,512)	(75,630)	-	(88,077)	1,297,452
Carrying amount									
At 31 December 2022	**85,865**	**188,402**	**1,915,066**	**198,113**	**836,690**	**163,949**	**1,898,429**	**176,154**	**2,867,766**
At 30 September 2021	85,865	115,743	297,505	36,868	85,194	2,769	778,614	9,439	1,411,998

	31-Dec-22 N'000	30-Sep-21 N'000
Analysis of depreciation charged is as follows:		
Cost of sales (Note 9)	**89,780**	56,263
Marketing and distribution expenses (Note 11)	**39,968**	38,614
Administrative expenses (Note 12)	**15,045**	12,188
	144,794	107,065

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

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

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

Reclassification to investment property. Certain classes of assets (land and building) have been reclassified to investment property as a result of change in use

Adjustment represent an amount reversed in respect of unreceived item of Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Property	
	31-Dec-22	30-Sep-21
	N'000	N'000
17. Investment properties		
At 31 December	**49,427**	49,427
Accumulated depreciation		
At 31 December	**14,331**	13,462
Charged in the year	**1,086**	869
	15,417	14,331
Carrying amount		
At 31 December	**34,010**	35,096

Investment property represents Neimeth office complex at 1 Henry Carr street, Ikeja. The office complex is currently held for lease rental. On 30 September 2020, the Company obtained N60,000,000 as rental income for a period of 3 years, commencing 1 December 2019. At 30 September 2021, the company recognised N20,000,000 (2020 : N16,666,667.00) as rental income in the statement of profit or loss and other comprehensive income. The value of N23,333,333 was deferred and will be released to income statement in subsequent year. It is management's intention to continue to keep this property as investment property. The Company is currently using the cost model for recognising investment property. However its fair value at 30 September 2021 is N695,183,139. The valuation was done by Tope Ojo & Tunde Olonisakin Estate Surveyors & Valuers on 24 September 2021.

	31-Dec-22	30-Sep-21
	N	N
18. Inventories		
Raw materials	**796,133**	734,778
Work in progress	**117,108**	74,441
Finished goods	**508,572**	453,969
Spare parts	**34,492**	21,558
	1,456,305	1,284,746
Goods in transit	**390,156**	179,675
	1,846,461	1,464,421

18.1 Inventories to the value of N2.007 billion (2021 : N1.464 billion) were carried at net realisable value. No inventories are pledged as security for liabilities.

19. Trade and other receivables		
Trade receivables	**2,115,967**	1,972,261
Other receivable (Note19.1)	**56,920**	64,793
	2,172,887	2,037,054
Impairments allowance (Note 19.2)	**(784,846)**	(760,846)
	1,388,041	1,276,208

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Sep-21
	N'000	N'000
19.1 Other receivables		
Staff loans	**57,799**	33,435
Debit balance in trade payables (Note 19.1.1)	**-**	32,237
Impairment on other receivables	**(879)**	(879)
	56,920	64,793

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

19.2 Impairments allowance on trade receivable		
At 1 October	**760,846**	701,816
Additional charge during the year (Note 12)	**24,000**	**59,030**
Provision no longer required	-	-
At 31 December	**784,846**	760,846

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

	31-Dec-22	30-Sep-21
	N'000	N'000
20. Other assets		
Prepayments	**21,455**	18,582
Withholding tax receivable	**23,192**	22,491
Advance payment to suppliers	**3,116**	2,468
Replaceable stocks (Note 20.1.)	**14,742**	18,167
	62,505	61,708

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

	31-Dec-22	30-Sep-21
	N'000	N'000
21. Cash and cash equivalents		
21.1 Cash and cash equivalents as per statement of financial position		
Cash in hand	**97**	-
Cash in banks	**448,113**	2,025,239
	448,210	2,025,239

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Sep-21
	N'000	N'000
21.2 Cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents		
Cash and bank balances (Note 21.1)	**448,210**	2,025,239
Bank overdrafts (Note 22.4)	**(513,850)**	(13,565)
	(65,640)	2,011,674
22. Borrowings		
Term loans		
At 1 October	**3,644,297**	3,716,448
Addition in the year	**400,000**	-
Accrued interest on debenture	**-**	-
Write back of accrued interest on debenture	**-**	(57,343)
Repayment during the year	**(750,000)**	(25,000)
Exchange loss	**(4,290)**	10,192
	3,290,007	3,644,297
Other loan (Note 22.3)	**69,734**	167,265
At 31 December	**3,359,741**	3,811,562
Analysis by maturity:		
22.1 Current		
Bank of Industries (Note 22.2.3)	**225,000**	166,824
CBN Intervention Fund (Note 22.2.2)	**200,000**	-
Daewoo Securities (Europe) Limited (Note 22.2.1)	**915,008**	919,298
Accrued interest on other loan (Note 22.3)	**23,093**	13,612
	1,363,101	1,099,734
Non-current:		
Bank of Industries (Note 22.2.3)	**250,000**	493,300
CBN Intervention Fund (Note 22.2.2)	**1,700,000**	1,285,776
	1,950,000	1,779,076
Other loan (Note 22.3)	**46,640**	153,651
	1,996,640	1,932,727
Deferred fair value gain on loan (Note 23)		779,100
	3,359,741	3,811,561
22.2 Analysis of Term loans		
Daewoo Securities (Europe) Limited (Note 22.2.1)	**915,008**	919,298
Bank of Industries (Note 22.2.3)	**475,000**	660,124
CBN Intervention Fund (Note 22.2.2)	**1,900,000**	1,285,775
IFRS Interest (Amortisation difference)	**-**	779,100
	3,290,008	3,644,297
Other loan (Note 22.3)	**69,734**	167,265
	3,359,742	3,811,562

22.2.1 Daewoo Securities (Europe) Limited

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

The outstanding balance of JPY 268,803,839 (comprising principal of JPY 140million, interest JPY 128.8 million) has been translated at Central Bank of Nigeria (CBN) ruling rate as at 30 September, 2021.

22.2.2 CBN Intervention Fund

This represents N2.4 billion CBN Intervention Funds. Utilisation is made up of N2 billion which is to be used to part finance the establishment of a new WHO cGMP Multi-Product factory at Amawbia, Anambra State, while N400 million is to be used to augment the Company working capital requirement at interest rate of 5% per annum (all inclusive) up to 28 February 2021. Thereafter, interest on the working capital facility revert to 9% per annum from 1 March 2021 with one year tenure and roll over of not more than 3 years.

22.2.3 Bank of Industries (BOI)

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

	31-Dec-22	30-Sep-21
	N'000	N'000
22.3 Other loan		
At 1 October	**167,264**	164,955
Accrued Interest	**34,138**	13,612
Repayment in the year	**(131,668)**	(11,303)
At 31 December	**69,734**	167,264

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

22.3.1 Related Party Transaction

Related Party	Relationship	Nature of Transaction	31-Dec-22 Amount	30-Sep-21 Amount
			N'000	N'000
1. Alpha Pharmacy & Stores Ltd	**Sir. I. T. Onyechi -** Director in Alpha Pharmacy Stores	Loan	**928**	37,900
2. Dr. A. B. C. Orjiako	Director	Loan	**1,425**	64,360
3. Mr Emmanuel Ekunno	Former Director	Loan	**1,190**	1,076
4. Fall River Production Ltd	**Mr. T. T. Osobu -** Director in Fall River Prod. Ltd	Loan	**249**	10,227
5. Engr. Godwin E. Omene	Director	Loan	**2,369**	2,142
6. Bio Resources Institute of Nigeria	**Prof. M. M. Iwu -** Director in Bio Resources Inst.	Loan	**63,573**	51,559
			69,733	167,264

	31-Dec-22	30-Sep-21
	N'000	N'000
22.4 Current borrowings		
Bank overdraft (Note 22.4.1)	**513,850**	13,565
Import finance facilities (Note 22.4.2)	**400,000**	-
CBN Intervention Fund (current) (Note 22.4.4)	**-**	-
	913,850	13,565

22.4.1 The interest payable on BOI multiple loan and principal repayment which was guaranteed by Fidelity Bank. However, a N100million overdraft facility was obtained from Fidelity Bank Plc in March 13 2019, to support the Company's' working capital requirement for clearing and Federal Government duty payment, local raw material purchases, short fall in maturity obligations under the IFF and other operational expenses. The tenor of the overdraft is 365 days with 120 days clean up cycle at an interest rate of 21% per annum. Repayment is the cash flow from the Company's daily operations and other sources available to the Company. This facility was not renewed after expiration of it tenure during the financial year ended 30 September 2020 in view of the N400m working capital received from CBN during the year ended 30 September 2020.

	31-Dec-22	30-Sep-21
	N'000	N'000
22.4.2 Import finance facilities		
At 1 October	**-**	-
Additions in the year	1,000,000	-
Repayment during the year	(600,000)	-
At 31 December	400,000	-

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

In addition, a N100,000,000.00 Bond and guarantee Line that was obtained from Fidelity Bank Plc on 13 March, 2019 for issuance of guarantee when required for contracts of supplies to employers at Tenor of 365 days was liquidated and was not renewed. The security are as follows:

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

22.4.4 N400 million CBN Intervention loan, obtained from Central Bank of Nigeria as working capital (under the CBN RSSF-DCRR) to augment the Company working capital requirement vis a vis procurement of raw materials for production, payment of salaries as well as other working capital requirements. The tenor is one (1) year with a provision for renewal of not more than three (3) years at an interest rate of 5% per annum all inclusive up to 28 February 2021 and thereafter, effective 1 September 2022, interest on the facility was reverted back to 9% (all inclusive from 1 March 2021. Repayment is quarterly of principal and interest (after the moratorium) from Neimeth operational cash flow as well as other sources available to the Company. Security is on all assets debenture of the Company's fixed and floating assets both present and future to be shared in parri passu with other lender.

	31-Dec-22	30-Sep-21
	N'000	N'000
23. Deferred fair value gain on loan		
Deferred fair value gain		779,100
Analysis of deferred fair value gain on loan into:		
23.1 Current portion		76,926
23.2 Non current portion		702,174

23.3 These represent the benefit of CBN intervention and BOI loan at a below the market rate of interest measured at the difference between proceeds received and the fair value of the loan based on prevailing market interest rate. The day 1 gain has been recognised as deferred income which will be recognised in the profit or loss on a systematic basis over the tenure of the loan with re-measurement gain embedded in it. in the current year N18 million was released in the income statement to reduce the finance cost of the loan.

	31-Dec-22	30-Sep-21
	N'000	N'000
24. Trade and other payables		
Trade payables	**110,281**	140,321
Other accruals (Note 24.1)	**922,601**	385,952
Statutory deductions (WHT payable)	**61,359**	70,021
Royalties	**54,192**	54,077
Dividend payable	**41,160**	24,095
Other payables	**80,328**	56,845
Define contribution plan (Note 24.2)	**17,944**	40,365
Defined benefit obligation (Note 24.3)	**15,690**	21,848
	1,303,557	793,525

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Sep-21
	N'000	N'000
24.1 Other accruals		
Unclaimed wages	**5,146**	3,389
Directors payable	**281**	281
Accrued electricity	**2,266**	-
Accrued audit fees	**2,258**	8,894
Import finance obligation	**828,720**	339,348
Property clearing	**83,930**	23,263
Others (Note 24.1.1)	**-**	10,778
	922,601	385,952

24.1.1 This represent unidentified customer lodgment.

24.2. Defined contribution plan		
At 1 October	**40,365**	20,645
Provision for the year	**115,959**	77,912
Payment during the year	**(132,465)**	(58,192)
At 31 December	**23,859**	40,365
24.3 Define benefit obligation		
At 1 October	**21,848**	21,848
Payment	**(5,975)**	-
At 31 December	**15,690**	21,848

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

25. Maturity profile of financial liabilities

	Due within			
	Below one year N'000	**One - five years N'000**	**Five years and above N'000**	**Total N'000**
2022				
Loans and borrowings	**1,363,101**	**1,996,640**	**-**	**3,359,741**
Trade and other payables	**1,303,557**	**-**	**-**	**1,303,557**
	2,666,658	**1,996,640**	**-**	**4,663,298**
2021				
Loans and borrowings	1,099,734	1,932,727	-	3,032,461
Trade and other payables	793,525	-	-	793,525
Finance lease obligation	-	-	-	-
	1,893,259	1,932,727	-	3,825,986

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Sep-21
	N'000	N'000
26. Current tax liability		
At 1 October	**135,726**	193,720
Payment in the year	**(67,202)**	(81,180)
Charge for the year (Note 28)	**-**	85,259
Over provision in prior year	**-**	(62,073)
At 30 November	**68,526**	135,726

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.

	31-Dec-22	30-Sep-21
27. Deferred tax liability		
At 1 October	**106,226**	34,704
Charge/(write back) in the year	**-**	71,522
At 31 December	**106,226**	106,226

27.1 Deferred tax assets and liabilities
Reconciliation of deferred tax assets and liabilities.
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31-Dec-22	30-Sep-21	31-Dec-22	30-Sep-21	31-Dec-22	30-Sep-21
	N'000	N'000	**N'000**	N'000	**N'000**	N'000
Property, plant and equipment	**(17,709)**	**(17,709)**	**123,963**	123,963	**141,672**	**141,672**
Exchange loss	**(28)**	(28)	**-**	-	**(28)**	(28)
Provisions/unrecouped loss/capital allowance	**-**	**-**	**-**	-	-	-
Tax liability carried forward	**(17,737)**	(17,737)	**123,963**	123,963	**106,226**	106,226
Tax liability brought forward	**-**	-	**-**	-	**106,226**	93,046
Movement in deferred tax (asset)/liability	**(17,737)**	(17,737)	**123,963**	123,963	**-**	13,180

	31-Dec-22	30-Sep-21
	N'000	N'000
28. Current tax		
Income	**-**	77,033
Education tax	**-**	8,207
Police levy	**-**	18
Over provision in prior year	**-**	(62,073)
	-	23,186
Deferred taxation charged/(write back) (Note 27)	**-**	71,522
As per statement of profit or loss and other comprehensive income	**-**	94,708

The Company income tax computation for the year ended 28 February 2022 was based on the provisions of the Company Income Tax Act Cap C21 LFN 2004.

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Sep-21
	N'000	N'000
28.1 Reconciliation of effective tax rate		
The tax expense for the year is reconciled to the profit/(loss) for the year as follows:		
Profit before tax	**(289,972)**	365,285
Tax thereon @ 30%	**(86,992)**	109,586
Deductible items	**13,524**	79,587
Balancing charge	**1,457**	-
Capital allowance	**(109,588)**	(36,803)
Education tax	**-**	8,207
Deferred tax effect charged/(write back)	**-**	71,522
Tax expense for the year	**(181,599)**	232,099
Profit after tax	**(108,375)**	133,186
	%	%
28.2 The tax rate is reconciled to the effective tax rate as follows:		
Tax rate	**30**	30
Deductible items	**(5)**	22
Balancing charge	**-**	-
Unrelieved Loss brought forward	**-**	-
Capital allowance	**38**	(10)
Education tax	**-**	2
Deferred tax effect	**-**	20
Total effective tax rate	**63**	64
	N'000	N'000
29. Finance lease obligation		
At 1 October	**-**	6,358
Addition	-	-
Repayment in the year	**-**	(6,358)
At 31 December	**-**	-
Analysed into:		
Current portion	**-**	-
Non-current portion	**-**	-
	-	-

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

	31-Dec-22	30-Sep-21
	N'000	N'000
30. Ordinary shares		
30.1 Authorised:		
2,000,000,000 ordinary shares of 50k each	**1,000,000**	1,000,000
30.2 Issued and fully paid:		
At 1 October	**949,579**	949,579
Bonus issue transfer from share premium	**-**	-
At 30 November	**949,579**	949,579

1,899,158,000 ordinary shares (2020: 1,899,158,000 ordinary shares @ 50k each).

30.2.1 Minimum issued share capital for existing company – Section 124 of CAMA 2020
In line with the Company's regulations of 2020 released by the Corporate Affairs Commission in December 2020, a Company that has an unissued shares in its capital shall not later than 31 December 2022 fully issue such shares.

	31-Dec-22	30-Sep-21
	N'000	N'000
30.3 Share premium		
At 1 October	**104,880**	112,606
Transfer to reserve (Note 30.4)	**-**	-
Capital restructuring expenses (Note 30.5)	**(96,060)**	(7,726)
At 30 November	**8,820**	104,880

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Sep-21
	N'000	N'000
31. Retained earnings		
At 1 October	**359,608**	212,476
Profit for the year	**(289,972)**	270,576
Dividend	**(132,941)**	**(123,445)**
Transfer from share premium (Note30.3)	**-**	-
At 31 December	**(63,305)**	359,608

For the current year, the Directors proposed a dividend 7 kobo (2020 : 6.5kobo) per 50k ordinary shares held as at 30 September 2021, amounting to N132,941,060. This is subject to shareholders ratification at the Annual General Meeting. The payment of this dividend is subject to withholding tax at the appropriate rate.

32 Basic earnings per share

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

	31-Dec-22	30-Sep-21
Profit after taxation	**(289,972)**	270,578
Number of shares	**1,899,158**	1,899,158
Earnings per share (kobo)	**(15)**	14.25

33. Information regarding Directors and Employees

33.1 Directors' emoluments

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

	31-Dec-22	30-Sep-21
Fees:		
- Chairman	**500**	500
- Other Directors	**2,800**	3,300
- Sitting allowance	**1,600**	1,600
Emolument of executive directors	**62,740**	62,740
	67,640	68,140

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

	31-Dec-22	30-Sep-21
Chairman	**500**	500
Highest paid director	**28,820**	28,820

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

				31-Dec-22	31-Oct-21
				Number	Number
33.3 Scale of Directors' remuneration					
The number of Directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses in the following range were:					
	N		**N**		
	Below	-	10,000,000	**-**	-
	10,000,001	-	12,500,000	**3**	3
	Above		12,500,001	**-**	-
				3	3
The number of Directors who received emoluments				**4**	4
The number of Directors who did not receive emoluments				**8**	8

	31-Dec-22	31-Oct-21
	N'000	N'000
33.4 Personnel compensation		
Personnel compensation comprised:		
Short-term employee benefits	**760,115**	585,034
Contribution to compulsory pension fund scheme	**124,104**	77,912
	884,219	662,946
Analysis by function:		
Production	**311,426**	269,444
Marketing and distribution	**304,970**	205,378
Administration	**267,822**	188,124
	884,219	662,946

	31-Dec-22	31-Oct-21
33.5 The average number of persons employed during the year by category:	**Number**	Number
Management	**12**	**12**
Senior staff	**150**	**150**
Junior staff	**40**	**40**
	202	202

33.6 Scale of employees' remuneration

N		N	31-Dec-22	31-Oct-21
Below	-	250,000	**-**	-
250,001	-	500,000	**-**	-
500,001	-	750,000	**-**	49
750,001	-	1,000,000	**50**	43
1,000,001	-	1,250,000	**45**	25
1,250,001	-	1,500,000	**27**	9
Above		1,500,001	**80**	40
			202	166

34. Financial commitments

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

35. Capital commitments

The Directors are of the opinion that there were no capital commitments at 30 September 2021 (2020 - Nil).

36. Contingent liabilities

The Company is subject to various pending litigations arising in the normal course of business. The contingent liabilities in respect of pending litigations based on the response received from the company solicitors' was N153,638,102 as at 30 September 2021 (2020 : N81,974,706). In the opinion of the Directors and based on the response obtained from the legal adviser, the Company is of the opinion that no payment will be made in respect of pending litigations.

37. Impact of Covid-19 on Company's operations

There was an outbreak of Covid-19 Pandemic that started from Wuhan, China since December 2019. On 11th March 2020, the World Health Organization (WHO) declared the virus a pandemic in recognition of its widespread impact across the world. As a result of this, the Federal Government of Nigeria intensified drive for awareness on safety protocols and ordered lockdown in three States of the Federation (Lagos, Ogun and Federal Capital Territory Abuja) previous year for five weeks. The constraints to business in terms of manufacturing logistics this financial year ended was less disruptive when compared to the previous year.

The Company continued to operate its factory to supply healthcare products needed to battle COVID-19 including products like, antiseptics, disinfectants and hand sanitisers which also supported the fight against COVID-19. All these contributed to increase revenue for these relevant products.

The Directors have made assessment of the Pandemic on the Company's ability to continue as a going concern as follows:

Revenue generation

As a Company operating in healthcare and pharmaceutical industry, the Company is in a position to bring out relevant quality products that will be used to manage the disease. The Company was among the first to produce hand sanitizers as the index cases were being reported and continue in the production in the current financial year. This is expected to boost sales for the period of the pandemic and push revenue growth over same period in the previous year. COVID-19 had some negative impact on our supply chain during the business year especially delayed delivery of new manufacturing equipment ordered from India. China, India and some of the European Countries are among the Countries that suffered protracted lock down after the year 2020 which saw the onset of the Pandemic. Being our major source of imported raw materials for production and new equipment supplies, some of our materials came in late alongside new equipment that could aid optimal production and invariably, revenue generation was affected during the year.

Liquidity
In response to the Pandemic, the Central Bank of Nigeria (CBN) has earmarked intervention funds of ₦100 billion for Pharmaceutical/Healthcare companies to support their business in March 2020. The Company was qualified to access this intervention loan, submitted its application and was awarded the sum of ₦2.4 billion in April 2020. This further enhanced the liquidity position of the Company during the year ended 30 September 2021 and supported ongoing expansion of the plant operation towards constructing a WHO cGMP compliant manufacturing plant in Anambra State in the quest for business growth as well as support additional working capital for the plant operations in the current year under review.

Profitability
In the past three years, the business has been reporting profits and the Directors believe that this current year presents an opportunity to maintain the trend. The Company is also improving operating efficiency through cost reduction example: travel is reduced and mixed with virtual meetings in a more cost-effective manner. The business also had challenge accessing foreign exchange to fund importation of raw materials during the COVID-19 Pandemic where FOREX was sourced at parallel market at huge cost. The Company opted for opportunity cost of buying FOREX at higher and expensive rate in the open market to meet urgent raw material importation needs and often had to change from less expensive sea shipment to more costly air shipment to meet production and business needs during the year ended 30 September 2021. The Company is also taking advantage of all opportunities presented at this time including reduced cost of financing through CBN intervention Funds, securing reduced loan interests rates from our bankers, managing overhead and administrative cost most efficiently and advocating cost controls across our business units.

In view of the above, the Directors are of the opinion that COVID-19 has no negative impact on the going concern status of the Company.

38. 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.

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

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

41. SECURITY TRADING POLICY AND DEALING IN SHARES

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

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

Other National Disclosures

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF VALUE ADDED
FOR THE PERIOD ENDED 31 DECEMBER 2022

	2022 N'000	**%**	2021 N'000	%
Turnover	**3,649,153**		3,046,661	
Other income	**35,938**		202,023	
	3,685,092		3,248,684	
Cost of goods and services - local	**(696,026)**		(572,975)	
Cost of goods and services - foreign	**(2,050,123)**		(1,352,196)	
Value added	**938,943**	**100**	1,323,513	100
Applied as follows:				
To pay employees:				
Salaries wages and other staff costs	**884,219**	**93**	662,947	50
To providers of capital:				
Finance costs	**201,221**	**21**	188,216	14
To pay Government:				
Company income tax	**-**	**-**	23,186	2
To provide for assets replacement:				
Depreciation of property, plant and equipment	**143,476**	**15**	107,065	8
Retained for future expansion:				
- Deferred taxation	**-**	**-**	71,522	5
- Profit on ordinary activities	**(289,972)**	**(31)**	270,577	20
Value added	**938,943**	**100**	1,323,513	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.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL SUMMARY

31-Dec	31-Dec-22	30-Sep-21	30-Sep-20	30-Sep-19	30-Sep-18
	N'000	N'000	N'000	N'000	N'000
					***Restated**
Statement of financial position					
Property, plant and equipment	**2,867,766**	1,411,998	1,175,242	757,878	714,377
Intangible assets	**-**				
Investment property	**34,010**	35,096	35,965		
Net current assets	**96,183**	2,708,100	2,976,809	560,837	390,665
Non current liabilities	**(2,102,866)**	(2,741,127)	(2,913,355)	(248,697)	(246,210)
Net assets	**895,093**	1,414,067	1,274,661	1,070,018	858,832
Equity and reserves					
Ordinary shares	**949,579**	949,579	949,579	949,579	863,254
Share premium reserve	**8,820**	104,880	112,606	1,020,603	1,113,889
Retained earnings/ accumulated loss	**(63,305)**	359,608	212,476	(898,164)	(1,118,311)
Total equity and reserves	**895,094**	1,414,067	1,274,661	1,072,018	858,832
Statement of comprehensive income					
Turnover	**3,649,153**	3,046,661	2,839,119	2,371,311	2,269,004
Profit/(loss) before tax	**(289,972)**	**365,285**	**297,388**	**304,439**	**166,460**
Taxation	**-**	(94,708)	(84,912)	(84,292)	(18,444)
Profit/(loss) for the year	**(289,972)**	**270,577**	**212,476**	**220,147**	**148,016**
Other comprehensive income/ (loss) for the year	**-**	**-**	**-**	**-**	**-**
Total comprehensive income/ (loss) for the year	**(289,972)**	**270,577**	**212,476**	**220,147**	**148,016**
Per share data:					
Earnings/(loss) per share (kobo) - Basic	**(15)**	14	11	12	8
Net assets per ordinary share (kobo)	**47**	74	67	56	45

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.