NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL STATEMENTS
31 DECEMBER 2023

Corporate information

Tax Identification Number 01380533-0001

Directors

Dr. A.B.C. Orjiako	Chairman	
Pharm. M.O Azoji	MD/CEO	(Retired 5/6/2023)
Pharm. Valentine C. Okelu	MD/CEO	(Assumed duty 16/8/2023)
Mr. G.I. Oputa	Acting MD/CEO	(Resigned 2/10/2023)
Mrs. R.A Oputa	Executive Director	
Mrs. Florence I. Onyenekwe	Acting ED Finance	(Appointed 6/6/2023)
Mrs. T.O. Nelson	Executive Director	(Resigned 1/6/2023)
Mazi S.I. Ohuabunwa	Non-Executive Director	
Prof. E.N. Sokomba	Non-Executive Director	(Retired 19/5/2023)
Pof.M.M. Iwu	Non-Executive Director	
Sir. I.T. Onyechi	Non-Executive Director	
Mr. T.T. Osobu	Non-Executive Director	
Dr. Atinuke R. Uwajeh	Non-Executive Director	(Appointed 27/4/2023)
Dr. Olusegun E. Akanji	Non-Executive Director	(Appointed 27/4/2023)
Mr. Christopher Oshiafi	Non-Executive Director	(Appointed 26/10/2023)
Mrs. B. O. Odunewu	Independent Non-Executive Director	(Resigned 17/5/2023)

Company Secretary Chinenye Stella Adekanbi (Appointed 27/7/2023)

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

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

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

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

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

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting to the members of the Company their report on the affairs of the Company and the Statement of Financial Position as at 31st December, 2023 together with the Comprehensive Income Statement for the 12 months ended on that date.

LEGAL FORM

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

PRINCIPAL ACTIVITIES

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

INTERNAL CONTROL

There are effective internal control functions within the Company, which give reasonable assurance against any material misstatement or loss. The responsibility includes oversight functions of internal audit control and system analysis.

RESULTS FOR THE YEAR

	₦'000
Profit/(Loss) for the year before taxation	(2,757,455)
Taxation	(107,881)

Profit/(Loss) after taxation	(2,865,336)
	========

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year, and of the profit or loss for that period, and comply with the Companies and Allied Matters Act 2020 .

DIRECTORS' AND THEIR INTERESTS

The names of Directors that served during the year are contained above.

The interest of the Directors in the issued share capital of the Company are recorded in the Register of Director' shareholding as of December 31, 2023 as follows:

DIRECTORS' INTERESTS

S/N	DIRECTORS	DIRECT HOLDINGS AS AT 31 DEC. 2023	DIRECT HOLDINGS AS AT 31 DEC. 2022	INDIRECT INTEREST	INDIRECT HOLDINGS AS AT 31 DEC. 2023	INDIRECT HOLDINGS AS AT 31 DEC. 2022
1	DR. AMBROSIE B.C. ORJIAKO	*******	*******	ORDREC INVESTMENTS LIMITED	259,705,920	217,701,820
				HELKO NIG. LTD.	431,805,222	191,913,432
2	MAZI SAMUEL I. OHUABUNWA	142.089,605	22,089,605	MASTA SERVICES COY LTD &	6,146,511	6,146,511
				ESI OHUABUNWA & SONS LTD	756,346	756,346
3	PROF. MAURICE M. IWU	20,093,687	20,093,687	INTERCEDD HEALTH PRODUCTS LTD	450,840,893	450,842,893
4	MR. IKECHUKWU T. ONYECHI	34,465,102	34,461,252	ALPHA PHARMACY & STORES LIMITED	119,510,928	72,503,197
5	MR. THOMAS T. OSOBU	182,642,852	81,174,601	*******	*******	*******
6	PHARM. (MRS.) ROSELINE A. OPUTA	296,316	226,316	*******	*******	*******
7	PHARM. VALENTINE C. OKELU	*******	*******	*******	*******	*******
8	MRS. FLORENCE I. ONYENEKWE	807,826	*******	*******	*******	*******
9.	DR. OLUSEGUN E. AKANJI	*******	*******	CLINOSCOPE SERVICES LTD	1,068,276,375	*******
10.	DR. ATINUKE R. UWAJEH	*******	*******			
11.	MR. CHRIS OSHIAFI	*******	*******	DAMITOP CONSULTING LTD	820,040,820	*******

DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company in line with Section 303 of the Companies and Allied Matters Act 2020 of any declarable interest in contracts with the Company during the year ended 31st December, 2023.

ANALYSIS OF SHAREHOLDING

Range of Holdings	No. of Holders	Holders %	Units	Units %
1 - 1,000	7,088	22.89	3,249,072	0.08
1,001 - 5,000	12,401	40.05	30,625,056	0.72
5,001 - 10,000	4,436	14.33	31,746,813	0.74
10,001 - 50,000	5,234	16.91	114,828,798	2.69
50,001 - 100,000	897	2.90	65,602,353	1.54
100,001 - 500,000	722	2.33	149,582,749	3.50
500,001 - 1,000,000	91	0.29	61,647,270	1.44
1,000,001 - 5,000,000	61	0.20	118,379,938	2.77
5,000,001 - 10,000,000	14	0.05	88,893,331	2.08
10,000.001 - ABOVE	18	0.06	3,608,549,227	84.45
GRAND Total =	30,962	100.00	4,273,104,607	100.00

SUBSTANTIAL INTEREST IN SHARES

According to the Register of Members, the following shareholders of the Company held more than 5% of the Issued Share Capital of the Company as at 31st December 2023.

S/N	NAMES OF SHAREHOLDERS	UNITS	PERCENTAGE (%)
1	HELKO NIGERIA LIMITED	431,805,222	10.11%
2	ORDREC INVESTMENTS LIMITED	259,705,920	6.08%
3	INTERCEDD HEALTH PRODUCTS LIMITED	450,842,893	10.55%
4	CLINOSCOPE SERVICES LIMITED	1,068,276,375	25%
5	DAMITOP CONSULTING LIMITED	820,040,820	19.19%

VALUE OF ASSETS

Particulars of the changes arising from additions and disposals of Property, Plant and Equipment during the year are contained in Note 16. Details of other assets of the Company as at 31st December 2023 are given in Notes 17 to 31 of the Statement of Financial Position.

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to improving the quality of life of the community and environment in which it operates. The Company participates in medical outreaches, religious initiatives, school programmes and community development activities. These are done directly or in partnership with government and non-governmental organizations.

A major key initiative of Neimeth in this regard is the "**Fight the Good Fight Against Hypertension**" (**FITGAH**). Under this program, the Company creates and promotes awareness against the dreaded silent killer, hypertension which has become a major cause for concern globally. Through its professional teams, it offers advice to patients and gives free blood pressure (BP) checks at its office at Oregun, Lagos, and our regional and state offices.

To ensure that patients have access to the necessary drugs and do not go on a drug holiday, Neimeth provides one-month free starter anti-hypertensive drugs for new patients. Taking it further, the Company partners with target clinics and health facilities to fight this dreaded silent killer through medical awareness.

COMPANY DISTRIBUTORS

An exclusive distribution agreement was entered into in April 2015 with World Wide Health Care Limited (WWCVL). The Company distributed several of the Company's major brands during the year under review.

The Company had several other distributors during the year under review.

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

MANUFACTURING AND DISTRIBUTION AGREEMENTS

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

Royalty charge during the year amounted to ₦4,730,066.87 (2022 – ₦3,951,118.26)

RESEARCH AND DEVELOPMENT

Neimeth is committed to innovation and has continued to sustain research into new products development and products life extension through improving existing formulation and dosage forms. Some new products which were undergoing product development in the prior year have been registered with NAFDAC and introduced into the market. Other new ones are undergoing the formulation phase, product registration phase or the market introduction stage.

EMPLOYEE INVOLVEMENT AND TRAINING

Neimeth believes very much in employee involvement and participation. Employees are consistently involved in creating an environment that would impact on decisions and actions that affect their jobs. The environment is being continuously improved by involving employees as much as possible in all aspects of work decisions and planning that would increase ownership and commitment. Every employee is regarded as unique and his/her impact is solicited and valued by Management. Key to most employee involvement processes is team effectiveness, productivity, communication, problem-solving, development of reward and recognition systems. In return, employees are treated equitably, fairly, and with dignity as individuals in a consistent manner.

The Company operates a non-discriminatory policy in considering applications for employment. Recruitment is based on experience, and the most qualified persons are recruited as appropriate, irrespective of an applicant's gender, ethnicity, religion or physical condition.

Training programmes are structured to meet the needs of the employees and improve their skills in order to make them more effective on the job.

HEALTH, SAFETY AND WELFARE OF EMPLOYEE

Environmental Management Policy

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

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

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

Environmental Sustainability

At Neimeth, we make use of a wide range of resources like fuel, water and paper. The usage of these natural resources are monitored and measured and operational controls put in place to avoid wastages thereby promoting sustainability of these natural resources. In the case of water usage, this is achieved through the metering of the portable and de-ionized water lines and conducting regular leak audits which are quickly addressed. The percentage water usage in 2021 it was 3.04%, while the usage in 2022 was 2.18% the reduction was first and foremost because of the breakdown of the water meter within the last quarter of the year even though better water usage culture has been adopted by staff as well as better awareness initiatives are created and in the case of paper usage, sending more memos via emails than hard copies and the use of both sides of the paper has reduced the paper used annually thereby ensuring sustainable operations. On Energy Usage, a lot of improvement was also recorded.

We have done a lot in the area of waste to landfill management through the introduction of various initiatives and as such we have maintained a waste to landfill percentage of 0.8% in 2020 but in 2021 there was an increment to 3.24% due to increased production as well as the increased revenue drive by the State but with continuous improvement on the forefront of our priority burner for subsequent years. In 2022, we further ensured the reduction of our waste to landfill by disposing off various e-wastes to middlemen who would fix and resell them and maintained a general waste percentage of 0.4% due basically to a reduction in Production.

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

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

Health & Safety

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

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

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

POST BALANCE SHEET EVENTS

There were no other significant post balance sheet events, which could have had material effect on the state of affairs of the company for the period ended 31st December, 2023 which had not been adequately provided for or disclosed.

AUDITORS

Messrs. BDO Professional Services has indicated their willingness to continue in office as the company’s auditor in accordance with Section 401(2) of the Companies and Allied Matters Act 2020. A resolution will be proposed at the Annual General Meeting authorizing the Directors to determine their remuneration.

By Order of the Board.

Mrs. Chinenye. S. Adekanmbi
Ag. Company Secretary
FRC/2024/PRO/NBA/004/657332

The Companies and Allied Matters Act, 2020, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of the profit or loss for the year ended 31 December 2023, and in so doing they ensure that:

a) Proper accounting records are maintained;

b) Applicable accounting policies are adopted and consistently applied;

c) Judgments and estimates made are reasonable and prudent;

d) The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and

e) Internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Company and prevent and detect fraud and other irregularities.

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

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

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

Pharm. Valentine C. Okelu
Managing Director/CEO

Dr. A.B.C. Orjiako
Chairman

In line with the provisions of Section 405 of the Companies and Allied Matters Act, 2020; we have reviewed the audited financial statements of the Company for the year ended 31 December 2023 and based on our knowledge confirm as follows:

a) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;

b) the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operations of the Company as at and for the year ended 31 December 2023.

c) the Company's internal controls have been designed to ensure that all material information relating to the Company is received and provided to the Auditors in the course of the audit.

d) the Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as at 31 December 2023.

e) that we have disclosed to the Auditors that there are no significant deficiencies in the design or operations of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the Auditors any weaknesses in internal controls observed in the course of the Audit

f) that we have disclosed to the Auditors that there is no fraud involving management or other employees who have significant role in the Company's internal control; and

g) there are no significant changes in internal controls or in other factors which could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses

Mrs. Florence I. Onyenekwe
Ag Executive Director - Finance

J.V.C.I.
Pharm. Valentine C. Okelu
Managing Director/CEO

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Lagos, Nigeria

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Neimeth International Pharmaceuticals Plc which comprise, the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and the Companies and Allied Matters Act, 2020(As amended).

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Trade receivables- Expected Credit Loss

Risk

The Company is exposed to credit risk arising from the Company's trade receivables.The determination of the impairment charge for trade receivables requires the assessment of Expected Credit Loss Model (ECL) using the simplified approach on recoverable amounts in line with IFRS 9. The ECL model involves the application of considerable level of judgements and estimation in determining inputs which are derived from historical records obtained within and outside the Company in formulating the financial model. The model also requires assumptions in the estimation of foward looking macro-economic variables in computing the probability of default (PD). The appropriateness of impairment calculation for long overdue debts which require significant management's judgements and assumptions, makes it a key audit matter

Our response

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

- Assessed and tested the design and operating effectiveness of the controls over impairment calculations
- Reviewed the age analysis of trade receivables and internal controls over recoverability of receivables
- Reviewed impairment model adopted by management and evaluated whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9 and is in agreement with our understanding of the business and the industry in which the Company operates
- Challenged management's assessment on the recoverability of overdue receivables, collection pattern, considering historical patterns of debt and repayment as well as recent communications with their counterparties
- Evaluated the accounting principles underlying revenue recognition which form the basis for the recognition of trade receivables

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's statement and Directors' report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and the Companies and Allied Matters Act, 2020 (As amended) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Olugbemiga A. Akibayo, FCA
FRC/2013/ICAN/00000001076
For: BDO Professional Services
Chartered Accountants

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0654523

Lagos, Nigeria
28 March 2024

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	12 month period to 31 December 2023 N'000	15 month period to 31 December 2022 N'000
Revenue	8	2,209,591	3,649,153
Cost of sales	9	(1,475,521)	(2,323,543)
Gross profit		734,070	1,325,610
Other income	10	287,574	197,453
Marketing and distribution expenses	11	(792,382)	(755,765)
Administrative expenses	12	(868,115)	(782,779)
Foreign exchange (loss)/gain	13	(1,450,654)	2,429
Operating loss		(2,089,507)	(13,052)
Finance costs	14	(667,948)	(375,002)
Loss before taxation		(2,757,455)	(388,054)
Income tax expense	28	(107,881)	(18,245)
Loss for the year /period		(2,865,336)	(406,299)
Other comprehensive income			
Items that will be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Total other comprehensive income		-	-
Total comprehensive loss		(2,865,336)	(406,299)
Basic loss per share (kobo)	32	(67)	(21)
Diluted loss per share (Kobo)	32	**(67)**	(21)

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Notes	2023 N'000	2022 N'000
Assets			
Non-current assets			
Property, plant and equipment	16	3,664,784	2,855,148
Investment properties	17	33,141	34,010
		3,697,925	2,889,158
Current assets			
Inventories	18	2,065,281	1,719,150
Trade and other receivables	19	844,043	1,391,841
Other current assets	20	75,013	62,984
Cash and cash equivalents	21.1	2,252,834	448,370
		5,237,171	3,622,345
Total assets		8,935,096	6,511,503
Liabilities			
Current liabilities			
Trade and other payables	24	2,569,677	1,266,150
Current portion of long term borrowings	22.1	3,883,012	2,157,910
Finance lease liabilities	29	40,635	-
Current tax payable	26	68,815	86,769
Deferred fair value gain on loan	23.1	406,708	119,041
		6,968,847	3,629,870
Non-current liabilities			
Non-current portion of long term borrowings	22.1	288,178	1,487,426
Deferred fair value gain on loan	23.2	102,505	509,213
Deferred tax liability	27	106,226	106,226
		496,909	2,102,865
Total liabilities		7,465,756	5,732,735
Net assets		1,469,340	778,768
Equity			
Share capital	30.1	2,136,552	949,579
Share premium	30.3	2,377,756	8,821
Accumulated losses	31	(3,044,968)	(179,632)
Total equity		1,469,340	778,768

These financial statements were approved and authorised for issue by the Board of Directors on 25 March 2024 and signed on its behalf by:

Dr. A.B.C. Orjiako
Chairman
FRC/2013/PRO/DIR/003/00000003161

Pharm. Valentine C. Okelu
Managing Director / CEO
FRC/2023/PRO/DIR/003/655491

Mrs. Florence I. Onyenekwe
Ag Executive Director - Finance
FRC/2014/PRO/ICAN/001/00000010082

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital N'000	Share premium N'000	Accumulated losses N'000	Total equity N'000
At 1 October 2021	949,579	104,880	359,608	1,414,067
Changes in equity for the period				
Loss for the period	-	-	(406,299)	(406,299)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	-	-	(406,299)	(406,299)
Dividend declared and paid	-	-	(132,941)	(132,941)
Transaction costs for equity issue	-	(96,059)	-	(96,059)
At 31 December 2022	949,579	8,821	(179,632)	778,768
At 1 January 2023	949,579	8,821	(179,632)	778,768
Changes in equity for the year				
Loss for the year	-	-	(2,865,336)	(2,865,336)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(2,865,336)	(2,865,336)
Rights issue	1,186,973	-	-	1,186,973
Share premium on rights issue	-	2,523,498	-	2,523,498
Transaction costs for equity issue	-	(154,563)	-	(154,563)
At 31 December 2023	2,136,552	2,377,756	(3,044,968)	1,469,340

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	12 month period to 31 December 2023 N'000	15 month period to 31 December 2022 N'000
Loss for the year/period		(2,865,336)	(406,299)
Adjustments for:			
Depreciation of property, plant and equipment	16	125,218	143,867
Depreciation of investment properties	17	869	1,086
Profit on disposal of property, plant and equipment	10	(969)	-
Impairment loss on trade receivables	19.2	261,043	56,499
Write off of impairment on trade receivables	19.2	(710,881)	-
Reclassification-Overdraft	22	(176,348)	-
Finance costs	14	667,948	375,002
Income tax expenses	28	107,881	18,245
		(2,590,575)	188,400
Changes in:			
Inventories		(346,131)	(254,729)
Trade and other receivables		997,635	(172,132)
Other assets		(12,029)	(1,276)
Trade and other payables		1,303,527	472,625
Cash (used in)/generated from operating activities		(647,573)	232,888
Income tax paid	26	(125,835)	(67,202)
Net cash (used in)/generated from operating activities		(773,408)	165,686
Cash flows from investing activities			
Purchase of property plant and equipment	16	(936,136)	(1,587,017)
Proceed from disposal of property, plant and equipment	10.1	2,251	-
Net cash used in investing activities		(933,885)	(1,587,017)
Cash flows from financing activities			
Repayment of loans	22	(214,583)	(2,360,607)
Borrowings obtained	22	-	2,803,833
Finance cost paid	14	(661,454)	(351,909)
Finance lease liabilities	29	40,635	-
Proceeds from Rights Issue	30.1&30.3	3,710,471	-
Dividend paid	31	-	(132,941)
Rights issue expenses	30.3	(154,563)	(96,059)
Net cash generated from/(used in) financing activities		2,720,506	(137,683)
Effect of exchange rate changes on cash and cash equivalents		791,251	(4,290)
Net increase/(decrease) in cash and cash equivalents	22	1,013,213	(1,559,014)
Cash and cash equivalents at 1 January	21.2	448,370	2,011,674
Cash and cash equivalents at 31 December	21.2	2,252,834	448,370

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

1. The Company

1.1 Legal form

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

1.2 Principal activities

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared for the year ended 31 December 2023 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and the requirements of the Companies and Allied Matters Act, 2020 (As amended). 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 **Changes in accounting policies**

(a) **New standards, interpretations and amendments adopted from 1 January 2023**

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2023. See the applicable notes below for further details on how the amendments affected the Company.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the Company .

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the financial statements of the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no effect on the financial statements of the Company.

International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules, in response to stakeholder concerns on 23 May 2023.

The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

Management has determined that the Company is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Company.

(b) **New standards, interpretations and amendments not yet effective**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability. The Company does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Company.

3. Summary of significant accounting policies

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

3.1 Intangible assets

3.1.1 Intangible assets acquired separately

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

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

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

3.1.2 Intangible assets generated internally

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

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

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

3.2 Property, plant and equipment

3.2.1 Initial recognition

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

3.2.2 Subsequent costs

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

3.2.3 Depreciation of property, plant and equipment

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

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

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 date.

3.2.4 Derecognition

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

3.2.5 Reclassification

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

3.3 Investment properties

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

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

3.4 Inventories

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

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

3.5 Impairment of non-financial assets

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

3.6 Financial instruments

Recognition and initial measurement

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

3.6.1 Financial assets

Initial recognition and measurement of financial assets

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

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

3.6.2 Subsequent measurement

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

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

a) Financial assets at fair value through profit or loss

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

b) Financial assets at fair value through other comprehensive income

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

c) Financial assets carried at amortised cost

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

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

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

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

3.6.3 Financial liabilities

3.6.3.1 Initial recognition and measurements

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

3.6.3.2 Derecognition

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

3.6.4 Impairment of financial assets

3.6.4.1 Impairment of financial assets

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

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

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

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

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

3.6.4.2 Credit-impaired financial assets

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

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

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

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

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

3.6.4.3 Presentation of allowance for ECL

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: the loss allowance is recognised as a provision, and

- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

3.7 Other financial assets:

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

3.8 Trade and other receivables

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

3.9 Equity instruments

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

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

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

3.10 Borrowing costs

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

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

3.10.1 Loans and borrowings

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

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

3.10.2 Deferred fair value gain on loans

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

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

3.11 Cash and cash equivalents

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

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

3.12 Trade and other payables

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

3.13 Employee benefits

3.13.1 Defined contribution plan

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

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

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

3.13.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a 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 benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected credit unit method.

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

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

3.13.3 Termination benefit

Termination benefits are recognized as an expense when the Company is demonstrably committed without realistic possible withdrawal , to a formal detailed 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 year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

3.15 Provisions

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

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

3.16 Revenue recognition

3.16.1 **Identification of contracts**

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

(a) The contract must have commercial substance.

(b) The contract must be approved by all parties to the contract.

(c) Each party's rights regarding products to be transferred can be identified.

(d) The payment terms for products to be transferred can be identified.

(e) Each party is committed to perform their obligation.

(f) It is probable that the company will collect the consideration to which it is entitled.

3.16.2 Performance obligation and timing of revenue recognition

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

3.16.3 Determining the transaction price

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

3.16.4 Allocating amounts to performance obligation

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

3.16.5 Revenue recognition

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

3.17 Foreign currencies

Foreign currency transactions

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

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

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

3.18 Segment reporting

An operating segment is a component of an entity:

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

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

c) For which discrete financial information is available.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Critical accounting estimates and judgement

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

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

a) Defined benefit obligation

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

b) Impairment of FVOCI financial assets

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

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

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

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

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

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

d) Others are:

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

5. Risk management framework

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

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

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

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

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

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

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

5.1 Strategic risks

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

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

5.2 Operational risks

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

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

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

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

5.3 Financial risks

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

- Credit risks
- Liquidity risks
- Market risks

a) Credit risks

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

Exposure to risk

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

	2023	2022
	N'000	N'000
Financial assets		
Trade and other receivables	844,043	1,391,841
Cash and cash equivalents	2,252,834	448,370
Ageing of past due receivables:		
0 - 90 days	159,975	23,695
91 - 180 days	130,590	63,346
181 - 270 days	29,773	36,747
271 - 365 days	26,583	15,814
Over 365 days	20,586	677,743
Total	367,507	817,345

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

b) Liquidity risks

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

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

c) Market risks

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

d) Currency risk

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

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

6. Capital management

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

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

Approach to capital management

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

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

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

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

The debt-to-capital ratios at 31 December 2023 and its comparative period were as follows:

	2023	**2022**
	N'000	N'000
Total liabilities	7,465,756	5,732,735
Total liabilities and equity	8,935,096	6,511,503
Debt-to-capital ratio	0.84	0.88

The increase in the debt-to-capital ratio during 2023 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 3.6, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of profit or loss or other comprehensive income. These categories are: fair value through profit or loss; loans and receivables; FVOCI; and, for liabilities, amortized cost or fair value through profit or loss.

	2023	2022
	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 includes the marketing and sales of the Company's branded products, and the consumer product group.

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

Pharmaceuticals	2,066,755	3,555,290
Animal health	142,836	93,863
	2,209,591	3,649,153

8.2 Geographical segment

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

Nigeria	2,209,591	3,649,153
Ghana	-	-
	2,209,591	3,649,153

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

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

	N'000	N'000
9. Cost of sales		
Raw material		
Opening stock at 1 October	781,154	734,778
Add purchases	1,466,343	1,769,604
	2,247,497	2,504,382
Less: Closing stock at 31 December (Note 18)	(1,080,915)	(781,154)
Product Cost	1,166,582	1,723,228

	2023	2022
Factory overhead expenses	**N'000**	**N'000**
Production salaries and wages	257,770	286,342
Power and fuel	130,299	81,832
Factory other expenses	143,238	154,471
Depreciation: - Plant and machinery (Note 16)	70,313	88,854
- Building	10,784	3,967
Inventory written down	-	80,220
Increase in finished goods	(380,569)	(42,520)
Decrease/(increase) in work in progress	77,555	(42,667)
Increase in spares parts	(451)	(10,184)
	308,939	600,315
	1,475,521	2,323,543

10. Other income	**N'000**	**N'000**
Sundry receipts	1,271	-
Profit on disposal of property plant and equipment (Note 10.1)	969	-
Sales of scrap	8,276	-
Insurance claims	-	12
Interest Income	129,229	-
Lease rental income (Note 10.2)	28,800	35,925
Fair value adjustment	119,029	161,516
	287,574	197,453

Interest income represent interest on matured investments with banks.

	N'000	**N'000**
10.1. Gain on disposal of property, plant and equipment		
Cost (Note 16)	49,744	-
Accumulated depreciation (Note 16)	(48,462)	-
Carrying amount	1,282	-
Proceed on disposal	(2,251)	-
Profit on disposal	(969)	-

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

11. Marketing and distribution expenses	**2023** **N'000**	**2022** **N'000**
Employee costs	262,589	304,970
Transport and travelling	68,760	86,073
Advert and promotions	363,673	259,090
Depreciation of motor vehicles (Note 16)	34,594	39,968
Communication and subscription	400	324
Donations	1,037	498
Printing and stationeries	144	936
Rent and rate	4,026	5,059
Product registration expenses	8,620	815
Training and seminar	-	25
Medical expenses	116	191
Energy cost	19,847	22,911
Repairs and maintenance	13,957	14,087
Telephone and postages	3,316	4,815
Corporate expenses	10,173	6,007
Others	1,130	9,996
	792,382	755,765

12. Administrative expenses	**N'000**	**N'000**
Employee costs	268,764	267,822
Impairment allowance for trade and other receivables (Note 19.2)	261,043	56,499
Corporate expenses	78,114	32,520
Transport and travelling	68,302	54,697
Legal, consultancy and professional fees	18,445	16,860
Energy cost	8,990	58,694
Bank charges and commission	17,758	53,257
Insurance	25,641	20,066
Repairs and maintenance	10,959	19,972
Printing and stationeries	3,590	8,846
Training and seminar	1,030	5,504
Conference and meetings	3,967	51,731

	2023	2022
	N'000	N'000
Medical expenses	15,727	25,613
Telephone and postages	13,328	18,061
Communication and subscription	4,851	11,188
Depreciation: - Office and computer equipment (Note 16)	9,527	15,045
- Investment property (Note 17)	869	1,086
Audit fees	8,000	7,000
Gift and donation expenses	720	2,446
Security expenses/ Laboratory Expenses	3,420	6,199
Industrial relations expenses	32,129	42,559
Back duty assessment (Note 12.1)	7,565	-
Others (Note 12.2)	5,376	7,114
	868,115	782,779

12.1 Back duty assessment represents payment made for additional tax liabilities of N4.53 million and N3.1 million on VAT and withholding taxes respectively as a result of tax audit conducted by the Federal Inland Revenue Service (FIRS) on 2020 and 2021 financial years.

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

13. Foreign exchange (loss)/gain	**N'000**	**N'000**
(Loss)/gain on currency translation	(1,450,654)	2,429

14. Finance costs	**N'000**	**N'000**
Interest expenses	667,948	375,002
Interest on lease	-	-
	667,948	375,002
Less accrued interest in the year		
Accrued interest (Note 22.1)	6,494	23,093
	6,494	23,093
Finance costs paid	661,454	351,909

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 2023						
Assets						
Trade and other receivables	19	**-**	**844,043**	**-**	**844,043**	**844,043**
Cash and cash equivalents	21.1	**2,252,834**	**-**	**-**	**2,252,834**	**2,252,834**
		2,252,834	**844,043**	**-**	**3,096,877**	**3,096,877**
Liabilities						
Trade and other payables	24	**-**	**-**	**2,569,677**	**2,569,677**	**2,569,677**
Borrowings (Current portion)	22.1	**-**	**-**	**3,883,012**	**3,883,012**	**3,883,012**
Finance lease obligation	29			**40,635**	**40,635**	**40,635**
		-	**-**	**6,493,324**	**6,493,324**	**6,493,324**
At 31 December 2022						
Assets						
Trade and other receivables	19	-	1,391,841	-	1,391,841	1,391,841
Cash and cash equivalents	21.1	448,370	-	-	448,370	448,370
		448,370	1,391,841	-	1,840,211	1,840,211
Liabilities						
Trade and other payables	24	-	-	1,266,150	1,266,150	1,266,150
Borrowings (Current portion)	22.1	-	-	2,157,910	2,157,910	2,157,910
		-	-	3,424,060	3,424,060	3,424,060

15.1 Fair valuation methods and assumptions

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

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

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

15.2 Fair value measurements recognised at the reporting date

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

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

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

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

16. Property, plant and equipment

	Land	Building	Machinery and equipment	Furniture and fittings	Motor vehicles	Computer equipment	Capital work in progress	Right-of-Use Assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost									
At 1 October 2021	85,865	132,242	896,715	110,029	401,999	72,432	778,614	88,078	2,565,974
Additions	-	33,507	346,419	6,766	80,179	15,887	1,104,259	-	1,587,017
At 31 December 2022	85,865	165,749	1,243,134	116,795	482,178	88,319	1,882,873	88,078	4,152,991
At 1 January 2023	85,865	165,749	1,243,134	116,795	482,178	88,319	1,882,873	88,078	4,152,991
Additions	-	17,878	24,275	10,806		5,816	877,361		936,136
Reclassification from/(to) CWIP	-	-	(205,474)	-	-	-	205,474	-	-
Disposals	-	-	(4,888)	-	(44,220)	(636)	-	-	(49,744)
Reclassification	-	-	-	-	88,078	-	-	(88,078)	-
At 31 December 2023	85,865	183,627	1,057,047	127,601	526,036	93,499	2,965,708	-	5,039,383
Accumulated depreciation and impairment losses									
At 1 October 2021	-	16,499	599,209	73,161	316,805	69,663	-	78,639	1,153,976
Charge for the period	-	6,153	76,448	8,156	37,706	5,966	-	9,438	143,867
At 31 December 2022	-	22,652	675,657	81,317	354,511	75,629	-	88,077	1,297,843
At 1 January 2023	-	22,652	675,657	81,317	354,511	75,629	-	88,077	1,297,843
Charge for the year	-	5,246	70,313	4,490	37,556	7,613	-	-	125,218
On disposals	-	-	(4,888)	-	(42,938)	(636)	-	-	(48,462)
Reclassification	-	-	-	-	88,077	-	-	(88,077)	-
At 31 December 2023	-	27,898	741,082	85,807	437,206	82,606	-	-	1,374,599
Carrying amounts									
At 31 December 2023	**85,865**	**155,729**	**315,965**	**41,794**	**88,830**	**10,893**	**2,965,708**	**-**	**3,664,784**
At 31 December 2022	**85,865**	**143,097**	**567,477**	**35,478**	**127,667**	**12,690**	**1,882,873**	**1**	**2,855,148**

	2023	2022
Analysis of depreciation charged is as follows:	**N'000**	N'000
Cost of sales (Note 9)	81,097	88,854
Marketing and distribution expenses (Note 11)	34,594	39,968
Administrative expenses (Note 12)	9,527	15,045
	125,218	143,867

Depreciation charged is included in the administrative expenses and cost of sales in the statement of profit or loss and other comprehensive income. Property, plant and equipment includes amounts of motor vehicles which the Company acquired under finance lease agreements, now treated as Right-of-use assets.

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

	2023 N'000	2022 N'000
17. Investment properties		
Cost	49,427	49,427
Accumulated depreciation		
At the beginning of the year /period	15,417	14,331
Charged in the year/period	869	1,086
	16,286	15,417
Carrying amount		
At the end of the year/period	33,141	34,010

Investment property represents Neimeth office complex at 1 Henry Carr Street, Ikeja. The office complex is currently held for lease rental. At 31 December 2023, the Company recognised N28,800,000 (2022 : N35,925,000) as rental income in the statement of profit or loss and other comprehensive income.It is management's intention to continue to keep this property as investment property. The Company is currently using the cost model for recognising investment property. However its fair value at 31 December 2023 is N896,442,265 (2022: N750,000,000). The valuation was done by Tope Ojo & Tunde Olonisakin Estate Surveyors & Valuers on 1 December 2023.

18. Inventories	2023 N'000	2022 N'000
Raw materials (Note 9)	1,080,915	781,154
Work in progress	39,553	117,108
Finished goods	877,058	496,489
Spare parts	32,193	31,742
	2,029,719	1,426,493
Goods in transit	35,562	292,657
	2,065,281	1,719,150

18.1 Inventories to the value of N2.065 billion (2022 : N1.719 billion) were carried at net realisable value. No inventories are pledged as security for liabilities.

19. Trade and other receivables	**2023 N'000**	**2022 N'000**
Trade receivables	1,125,228	2,115,967
Other receivables (Note19.1)	86,322	93,219
	1,211,550	2,209,186
Impairment allowance (Note 19.2)	(367,507)	(817,345)
	844,043	1,391,841

19.1 Other receivables	**N'000**	**N'000**
Staff loans	46,975	57,637
Debit balance in trade payables (Note 19.1.1)	40,226	36,461
Impairment on other receivables	(879)	(879)
	86,322	93,219

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 Impairment allowance on trade receivables	**N'000**	**N'000**
At the beginning of the year/period	817,345	760,846
Additional charge during the year/period (Note 12)	261,043	56,499
Write off during the year/period	(710,881)	-
At the end of the year/period	367,507	817,345

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.

20. Other assets	**2023 N'000**	**2022 N'000**
Prepayments	40,596	21,455
Withholding tax receivable	5,463	23,192
Advance payment to suppliers	15,335	3,595
Replaceable stocks (Note 20.1.)	13,619	14,742
	75,013	62,984

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

21. Cash and cash equivalents

21.1 Cash and cash equivalents as per statement of financial position	**2023 N'000**	**2022 N'000**
Cash in hand	23	97
Cash in banks	2,429,159	448,273
	2,429,182	448,370

The Company held cash and cash equivalents of N2.253billion as at 31 December 2023 (2022: N0.448billion) which represents its maximum credit exposure on these assets. The Company's cash and cash equivalents are deposited with reputable banks. All cash and cash equivalents are either on demand or have short period of maturity with immaterial risk of changes in value. As at 31 December 2023 the impairment was assessed Nil on the total exposures of N2.253billion (2022: N0.448billion)

21.2 Cash and cash equivalents as per statement of cash flows	**2023**	**2022**
Cash and cash equivalents	**N'000**	**N'000**
Cash and bank balances (Note 21.1)	2,429,182	448,370
Bank overdrafts (Note 22.4)	(176,348)	-
	2,252,834	448,370

22. Borrowings

Term loans	**N'000**	**N'000**
At the beginning of the year /period	4,203,856	3,644,297
Addition in the year/period	-	2,803,833
Reclassification of Overdraft	(176,348)	-
Repayment during the year/period	(214,583)	(2,239,984)
Exchange loss/(gain)	791,251	(4,290)
	4,604,176	4,203,856
Other loans (Note 22.3)	76,227	69,733
At the end of the year/period	4,680,403	4,273,590

Analysis by maturity:

22.1 Current	**N'000**	**N'000**
Daewoo Securities (Europe) Limited (Note 22.2.1)	1,706,259	915,008
CBN Intervention Fund (Note 22.2.2)	1,147,342	102,165
Bank of Industries (Note 22.2.3)	322,917	251,904
Providus Bank Plc	700,000	865,740
Accrued interest on other loan (Note 22.3)	6,494	23,093
	3,883,012	2,157,910
Non-current:	**N'000**	**N'000**
CBN Intervention Fund (Note 22.2.2)	107,904	1,205,246
Bank of Industries (Note 22.2.3)	110,541	235,540
	218,445	1,440,786
Other loan (Note 22.3)	69,733	46,640
	288,178	1,487,426
Deferred fair value gain on loan (Note 23)	509,213	628,254
	4,680,403	4,273,590

22.2 Analysis of Term loans	**N'000**	**N'000**
Daewoo Securities (Europe) Limited (Note 22.2.1)	1,706,259	915,008
CBN Intervention Fund (Note 22.2.2)	1,255,246	1,307,411
Bank of Industries (Note 22.2.3)	433,458	487,444
Providus Bank Plc	700,000	865,740
IFRS Interest (Amortisation difference)	509,213	628,254
	4,604,176	4,203,857
Other loan (Note 22.3)	76,227	69,733
	4,680,403	4,273,590

22.2.1 Daewoo Securities (Europe) Limited

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

The outstanding balance of JPY 268,803,839 (comprising principal of JPY 140million, interest JPY 128.8 million) has been translated at Central Bank of Nigeria (CBN) ruling rate as at 31 December 2023.

22.2.2 CBN Intervention Fund

This represents N2.4 billion CBN Intervention Funds. Utilisation is made up of N2 billion which is to be used to part finance the establishment of a new WHO cGMP Multi-Product factory at Amawbia, Anambra State, while N400 million is to be used to augment the Company working capital requirement at interest rate of 5% per annum (all inclusive) up to 28 February 2021. Thereafter, interest on the working capital facility is now 9% per annum from 1 March 2021 with one year tenure and roll over of not more than 3 years. The N400m working capital was rolled over in October 2022 for the third time and would be due for repayment in October 2023.

22.2.3 Bank of Industries (BOI)

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

	2023	2022
22.3 Other loan	**N'000**	**N'000**
At the beginning of the year/period	69,733	167,264
Accrued Interest	6,494	23,093
Repayment during the year/perod	-	(120,624)
At the end of the year/period	76,227	69,733

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

22.3.1 Related Party Transactions

Related Party	Relationship	Nature of Transaction	2023 Amount	2022 Amount
			N'000	N'000
1. Alpha Pharmacy & Stores Ltd	**Sir. I. T. Onyechi -** Director in Alpha Pharmacy Stores	Loan	928	928
2. Dr. A. B. C. Orjiako	Director	Loan	1,425	1,424
3. Mr Emmanuel Ekunno	Former Director	Loan	1,329	1,190
4. Fall River Production Ltd	**Mr. T. T. Osobu -** Director in Fall River Prod. Ltd	Loan	249	249
5. Engr. Godwin E. Omene	Director	Loan	2,647	2,369
6. Bio Resources Institute of Nigeria	**Prof. M. M. Iwu -** Director in Bio Resources Inst.	Loan	69,649	63,573
			76,227	69,733

	2023	2022
	N'000	N'000
22.4 Current borrowings		
Bank overdraft (Note 22)	(176,348)	-
Import finance facilities (Note 22.4.2)	-	-
CBN Intervention Fund (current) (Note 22.4.3)	-	-
	(176,348)	-

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

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

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

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

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

	N'000	N'000
23. Deferred fair value gain on loan		
Deferred fair value gain	509,213	628,254
Analysis of deferred fair value gain on loan into:		
23.1 Current portion	406,708	119,041
23.2 Non current portion	102,505	509,213

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.

	2023 N'000	2022 N'000
24. Trade and other payables		
Trade payables	117,503	113,092
Other accruals (Note 24.1)	2,079,122	910,432
Statutory deductions (WHT payable)	63,007	60,197
Royalties	54,845	54,192
Dividend payable	59,017	41,160
Other payables	133,173	53,155
Define contribution plan (Note 24.2)	49,650	18,232
Defined benefit obligation (Note 24.3)	13,360	15,690
	2,569,677	1,266,150

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.

	2023	2022
	N'000	N'000
24.1 Other accruals		
Unclaimed wages	17,708	4,414
Directors payable	7,138	281
Accrued electricity	10,534	2,265
Accrued audit fees	2,169	2,257
Import finance obligation	1,536,447	817,285
Property clearing	55,130	83,930
Sundry accruals (Note 24.1.1)	449,996	-
	2,079,122	910,432

24.1.1 This represents accruals for interest on loans.

24.2. Defined contribution plan	**N'000**	**N'000**
At the beginning of the year/period	18,232	40,365
Provision for the year/period	109,997	110,332
Payment during the year/period	(78,579)	(132,465)
At the end of the year/period	49,650	18,232

24.3 Define benefit obligation	**N'000**	**N'000**
At the beginning of the year/period	15,690	21,848
Payment	(2,330)	(6,158)
At the end of the year/period	13,360	15,690

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

25. Maturity profile of financial liabilities

	Below one year	Due within One - five years	Five years and above	Total
	N'000	N'000	N'000	N'000
2023				
Loans and borrowings	**3,883,012**	**288,178**	**-**	**4,171,190**
Trade and other payables	**2,569,677**	**-**	**-**	**2,569,677**
	6,452,689	**288,178**	**-**	**6,740,867**
2022				
Loans and borrowings	2,157,910	1,487,426	-	3,645,336
Trade and other payables	1,266,150	-	-	1,266,150
	3,424,060	1,487,426	-	4,911,486

26. Current tax liability	2023 N'000	2022 N'000
At the beginning of the year/period	86,769	135,726
Payment during the year/period	(125,835)	(67,202)
Charge for the year/period (Note 28)	11,886	18,245
Under provision in prior years - Income tax	90,044	-
Under provision in prior years - Education tax	5,951	
At the end of the year/period	68,815	86,769

27. Deferred tax liability	N'000	N'000
At the beginning of the year/period	106,226	106,226
Charge in the year /period	-	-
At the end of the year/period	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:

	Opening balance	Recognized in net income	Recognized in OCI	Recognised directly in equity	Reclassify from equity to net income	Closing Balance
	N'000	N'000	N'000	N'000	N'000	N'000
Deferred Tax Liabilities						
Difference between Carrying Value and TWDV	106,254	316,105				422,359
Unrealised Exchange Gain	-	25,436				25,436
Chargeable Gains on on Investment Property (CGT)		84,702				84,702
Total	106,254	426,243	-	-	-	532,497
Deferred Tax Assets						44,058
Unabsorbed Capital Allowances	-	44,058				504,180
Unrealised Exchange loss	28	504,152				121,277
Impairment of receivables	0	121,277				489,671
Fiscal Loss C/Fwd.	0	489,671				
Total	28	1,159,158				1,159,186
Net deferred tax liability/ (asset)	106,282	(732,913)				(626,689)

The movement in deferred tax of N732.9 million resulted in net deferred assets of N626.7 million as at the reporting date. The movement of N732.9 million was not recognised in these financial statements because there is no probability that the Company would be able to utilise the net tax assets in the forseeable future.

28. Current tax	N'000	N'000
Income	-	-
Minimum tax	11,886	18,245
Under provision in prior years		-
Income tax (Note 28.1	90,044	-
Education tax (Note 28.2)	5,951	-
	107,881	18,245
Deferred taxation charged (Note 27)	-	-
As per statement of profit or loss and other comprehensive income	107,881	18,245

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

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

	2023 N'000	2022 N'000
28.1 Reconciliation of effective tax rate		
The tax expense for the year is reconciled to the loss for the year as follows:		
Loss before tax	(2,757,455)	(388,054)
Tax thereon @ 30%	(827,237)	(116,416)
Deductible items	(194,075)	-
Non- deductible items	530,966	60,473
Balancing charge	675	-
Capital allowance	-	-
Loss carried forward	489,671	55,943
Education tax	-	-
Minimum tax	11,886	18,245
Underprovision in prior years	95,955	-
Tax expense for the year	107,881	18,245
Loss after tax	(2,865,336)	(406,299)
Effective tax rate (%)	(4)%	(5)%

	N'000	N'000
29. Finance lease obligation		
At 1 January	-	-
Addition	40,635	-
Repayment in the year	-	-
At 31 December	**40,635**	-
Analysed into:		
Current portion	**40,635**	-
Non-current portion	-	-
	40,635	-

This relates to lease obtained on motor vehicle classified as assets under finance lease included in Right-of-use assets.

	2023	2022
	N'000	N'000
30.Share capital		
30.1 Issued and fully paid:		
At the beginning and at the end of the year/period	949,579	949,579
Rights issue	1,186,973	-
	2,136,552	**949,579**

4,273,104,607 ordinary shares (2022: 1,899,158,000 ordinary shares @ 50k each).

30.2 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.

	2023	2022
	N'000	N'000
30.3 Share premium		
At 1 January	8,821	104,880
Premium on rights issue raised (Note 30.4)	2,523,498	-
Rights issue expenses (Note 30.5)	(154,563)	(96,059)
At 31 December	2,377,756	8,821

30.4 This represents the rights issue of 2,373,947,500 ordinary shares on a basis of 5 new ordinary shares for every 4 ordinary shares held as at close of business on 22 April 2022 at a premium of N1.05k . The right issue was fully alloted.

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

	2022	2022
	N'000	N'000
31. Accumulated losses		
At the beginning of the year/period	(179,632)	359,608
Loss for the year/period	(2,865,336)	(406,299)
Dividend	-	(132,941)
At the end of the year/period	(3,044,968)	(179,632)

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

32 Basic loss per share

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

	N'000	N'000
Loss after taxation	**(2,865,336)**	(406,299)
	000	000
Number of shares	4,273,104	1,899,158
Loss per share (kobo)	(67)	(21)
Diluted loss per share (kobo)	(67)	(21)

33. Information regarding Directors and Employees

33.1 Directors' emoluments

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

	N'000	N'000
Fees:		
- Chairman	500	500
- Other Directors	2,800	2,800
- Sitting allowance	1,600	1,600
Emolument of executive directors	62,740	98,578
	67,640	103,478

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

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

			2023 Number	2022 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	2023	2022
Below	-	10,000,000	-	-
10,000,001	-	12,500,000	-	-
Above		12,500,001	4	4
			4	4
The number of Directors who received emoluments			4	4
The number of Directors who did not receive emoluments			8	8

33.4 Personnel compensation

	2023 N'000	2022 N'000
Personnel compensation comprised:		
Short-term employee benefits	773,129	760,114
Contribution to compulsory pension fund scheme	15,995	124,104
	789,124	884,218
Analysis by function:	**N'000**	N'000
Production	257,770	311,426
Marketing and distribution	262,589	304,970
Administration	268,765	267,822
	789,124	884,218

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

	Number	Number
Management	12	14
Senior staff	150	118
Junior staff	40	58
	202	190

33.6 Scale of employees' remuneration

N		N	Number	Number
Below	-	250,000	-	-
250,001	-	500,000	-	-
500,001	-	750,000	-	-
750,001	-	1,000,000	50	45
1,000,001	-	1,250,000	45	38
1,250,001	-	1,500,000	27	27
Above		1,500,001	80	80
			202	190

34. Financial commitments

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

35. Capital commitments

The Directors are of the opinion that there were no capital commitments at 31 December 2023 (2022 - Nil).

36. Contingent liabilities

The Company is subject to various pending litigations arising in the normal course of business. The contingent liabilities in respect of pending litigations based on the response received from the company solicitors' was N53,638,102 as at 31 December 2023 (2022: N53,634,102). In the opinion of the Directors and based on the response obtained from the legal adviser, the Company is of the opinion that no payment will be made in respect of pending litigations.

37. Events after reporting date

(i) 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.

(ii) In June 2023, the Central Bank of Nigeria (CBN) announced unification of all segments of the Nigerian Forex market, and this led to a significant fall in the value of the Naira to the U.S. Dollar, Great Britain Pound and Euro from N896.14, N1,140.81 and N989.016 as at 31 December 2023 to N1,415.634 N1,790.352 and N1,534.406 as at 25 March 2024 respectively.

(iii) The changes in the exchange rates will have both favourable and adverse effects on the Company's results for future accounting periods, if condition persists as it is, as the Company has loan US Dollars. The Company also holds cash deposits in US Dollars. An estimate of such effects is yet to be determined.

38. Comparative figures

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

39. Change in Accounting Date

The Board of Directors approved the change in reporting period from September to December of each year, effective 31 December 2022.

40. SECURITY TRADING POLICY AND DEALING IN SHARES

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

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

Other National Disclosures

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 N'000	%	2022 N'000	%
Revenue	2,209,591		3,649,153	
Other income	287,574		197,453	
	2,497,165		3,846,606	
Cost of goods and services - local	(3,672,330)		(1,904,202)	
Cost of goods and services - foreign	-		(927,371)	
Value (eroded)/added	(1,175,165)	(100)	1,015,033	100
Applied as follows:				
To pay employees:				
Salaries wages and other staff costs	789,124	67	884,218	87
To providers of capital:				
Finance costs	667,948	57	375,002	37
To pay Government:				
Company income tax	107,881	9	18,245	2
To provide for assets replacement:				
Depreciation of property, plant and equipment	125,218	11	143,867	14
Retained for future expansion:				
- Deferred taxation	-	-	-	-
- Loss on ordinary activities	(2,865,336)	(244)	(406,299)	(40)
Value (eroded)/added	(1,175,165)	(100)	1,015,033	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.

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL SUMMARY

	31 December 2023 N'000	31 December 2022 N'000	30 September 2021 N'000	30 September 2020 N'000	30 September 2019 N'000
Statement of financial position					
Property, plant and equipment	3,664,784	2,855,148	1,411,998	1,175,242	757,878
Investment property	33,141	34,010	35,096	35,965	
Net current assets	(1,731,676)	(7,525)	2,708,100	2,976,809	560,837
Non current liabilities	(496,909)	(2,102,865)	(2,741,127)	(2,913,355)	(248,697)
Net assets	1,469,340	778,768	1,414,067	1,274,661	1,070,018
Equity and reserves					
Share capital	2,136,552	949,579	949,579	949,579	949,579
Share premium	2,377,756	8,821	104,880	112,606	1,020,603
(Accumulated losses)/retained earnings	(3,044,968)	(179,632)	359,608	212,476	(898,164)
Total equity and reserves	1,469,340	778,768	1,414,067	1,274,661	1,072,018
Statement of comprehensive income					
Revenue	2,209,591	3,649,153	3,046,661	2,839,119	2,371,311
(Loss)/profit before tax	(2,757,455)	(388,054)	365,284	297,388	304,439
Taxation	(107,881)	(18,245)	(94,708)	(84,912)	(84,292)
(Loss)/profit for the year	**(2,865,336)**	**(406,299)**	**270,576**	**212,476**	**220,147**
Other comprehensive income/(loss) for the year	-	-	-	-	-
Total comprehensive (loss)/income for the year	**(2,865,336)**	**(406,299)**	**270,576**	**212,476**	**220,147**
Per share data:					
(Loss)/earnings per share (kobo) - Basic	(67)	(21)	14	11	12
Net assets per ordinary share (kobo)	0.34	0.41	74	67	56

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

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