

FIDSON HEALTHCARE PLC Lagos, Nigeria UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

Unaudited report and financial statements For the period ended 30 June 2024

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Statement of Profit or Loss and Other Comprehensive Income

		202	24	2023		
	Notes	Apr-Jun ₩'000	Jan-Jun ₦'000	Apr-Jun ₦'000	Jan-Jun ₩'000	
Revenue	5	18,368,057	37,252,650	14,175,485	25,579,988	
Cost of sales	6	(10,941,318)	(22,152,227)	(8,007,282)	(14,522,406)	
Gross profit		7,426,739	15,100,423	6,168,203	11,057,582	
Other gains and losses	7	133,417	285,354	(26,492)	197,681	
Administrative expenses	8	(1,650,427)	(3,271,750)	(1,530,767)	(2,960,247)	
Impairment of receivables	7b	(200,000)	(200,000)	(250,000)	(250,000)	
Net exchange difference	8c	(1,910,920)	(4,388,019)	(952,609)	(843,856)	
Selling and distribution expenses	9 .	(1,826,829)	(3,140,026)	(1,006,538)	(2,310,243)	
Operating profit		1,971,979	4,385,982	2,401,797	4,890,918	
Finance costs	10	(1,266,194)	(2,148,864)	(324,767)	(797,500)	
Finance income	11 .	3,926	20,238	12,630	12,881	
Profit before tax	12	709,711	2,257,357	2,089,659	4,106,299	
Income tax provision	13a	(234,205)	(744,928)	(679,139)	(1,334,547)	
Profit for the Period	:	475,507	1,512,429	1,410,520	2,771,752	
Earnings per share – basic (in kobo) Basic and diluted		21	66	61	121	

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Statement of Financial Position As at 30 June 2024

ASSETS	Notes	Jun-24 N ′000	Dec-23 ₩′000
Non-current assets			
Property, plant and equipment	14	23,425,915	22,672,162
Right of use assets	15	296,594	315,050
Intangible assets	16	78,006	25,577
Available- for-sale investments	17a	7,140	7,730
Loans and receivables	17b	16,933	501,193
Other non-current financial asset	18	189,717	184,432
		24,014,304	23,706,144
Current assets			_
Inventories	19	29,437,178	16,356,949
Trade and other receivables	20	9,221,181	5,887,827
Prepayments	21	8,446,445	5,253,563
Cash and bank balances	22	4,182,489	10,786,643
		51,287,293	38,284,982
Total assets		75,301,598	61,991,126
Equity and liabilities			
Equity			
Issued share capital	29	1,147,498	1,147,498
Share premium	30	4,829,614	4,829,614
Retained earnings		14,825,760	13,313,331
Financial Asset reserve	31	2,695	3,285
		20,805,567	19,293,728
Non-current liabilities			
Interest bearing loans and borrowings	23	6,263,625	6,110,810
Retirement benefit obligation	24	252,158	252,158
Government grant	25	608,963	608,963
Deferred tax liability	13c	2,871,885	2,871,885
		9,996,630	9,843,816
Current liabilities			
Trade and other payables	26	14,886,805	9,076,011
Interest bearing loans and borrowings	23	5,643,471	11,663,085
Bank Overdraft	22	1,286,062	781,784
Other financial liabilities	27	21,643,455	10,000,000
Government grant	25	193,934	392,863
Income tax payable	13b	744,928	839,094
Unclaimed dividend	28b	100,745	100,745
		44,499,400	32,853,582
Total liabilities		54,496,031	42,697,398
Total equity and liabilities		75,301,598	61,991,126

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 25 July 2024

Fidelis Ayebae

Managing Director/CEO FRC/2014/CIANG/00000002376

The residence

July

Abiola Adebayo
Deputy Managing Director
FRC/2013/PSNIG/00000002376

Imokha Ayebae Finance Director FRC/2021/001/00000023145

Unaudited report and financial statements For the period ended 30 June 2024

Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Available- for–sale reserve	Total
	₩000	₩000	₩000	₩000	₩000
At 1 January 2023	1,147,498	4,829,614	10,941,812	355	16,919,279
Bonus Issue			-	-	-
Profit for the year	-	-	2,771,752	2,050	2,773,802
Other comprehensive income for the year, net		-	-		
			•		
Total Comprehensive Income for the year	-	-	2,771,752	2,050	2,773,802
Dividends (Note 32)		-		-	
At 30 June 2023	1,147,498	4,829,614	13,713,564	2,405	19,693,081
At 1 January 2024	1,147,498	4,829,614	13,313,331	3,285	19,293,728
Profit for the year	-	-	1,512,429	(590)	1,511,839
Other comprehensive income for the year, net		-	-	<u> </u>	
Total Comprehensive Income for the year	-	-	1,512,429	(590)	1,511,839
Dividends (Note 32)		-		-	
A+ 20 June 2024	1 1 4 7 4 0 0	4 020 614	14.025.760	2.005	20 005 567
At 30 June 2024	1,147,498	4,829,614	14,825,760	2,695	20,805,567

Unaudited report and financial statements For the period ended 30 June 2024

Statement of Cash Flows

Operating activities:	Notes	Jun-24 ₦′000	Jun-23 ₦′000
Profit before tax		2,257,357	4,106,299
Adjustments to reconcile profit before tax tonet cash flows			
Depreciation of property, plant and equipment	14	712,216	538,287
Depreciation - Right of use assets	15	18,456	33,833
Impairment loss/ (gain)	7	200,000	250,000
Gain on disposal of plant, property andequipment	7	(29)	(1,618)
Net exchange difference on loan	23	(4,388,019)	843,856
Amortisation of government grant	7	(198,930)	(158,375)
Amortisation of Intangible assets	16	53,363	37,268
Interest income	11	(3,393)	(351)
Interest income on fixed deposit	11	-	(13,265)
Finance costs	10	2,148,864	797,500
Operating cash flows before movement in working capital:			
(Increase)/ decrease in trade and other receivables	20	(3,333,353)	(3,929,362)
Decrease / (increase) in prepayments	21	(13,762,939)	(1,032,981)
(Increase)/ Decrease in inventories	19	(2,234,321)	71,430
Increase in government grant	25	(198,929)	(182,785)
increase in other financial liabilities	27	11,643,455	2,000,000
(Decrease)/increase in trade and other payables	26	5,810,794	1,587,069
Cash generated by operations		(1,275,408)	4,946,805
Income tax paid	13b	(839,094)	(1,396,272)
Net cash flow (used)/ from operating activities	_	(2,114,502)	3,550,533
Cash flows from investing activities:			
Purchase of property, plant & equipment	14	(1,691,850)	(606,261)
Additions to intangible assets	16	105,792	59,579
Interest received	11	14,203	13,265
Interest income on other non Current Asset	11	6,035	-
Proceeds from sale of property, plant and equipment		603	1,175,000
Liquidation of investment in other financial asset	18	-	(176,426)
Net cash (used in)/ from investing activities	_	(1,565,217)	465,157
Cash flows from financing activities:			
Payments of finance lease liabilities		-	(41,752)
Interest paid on loans & borrowings	23a	(1,890,399)	(797,500)
Interest paid on financial liabilities	10	(258,464)	-
Proceed from loans & borrowings	23	528,775	-
Loan repayment (principal)	23	(6,196,644)	(2,305,694)
Net cash used in financing activities	_	(7,816,732)	(3,144,946)
Net increase/(decrease) in cash and cash equivalents		(11,496,451)	870,744
Net foreign exchange difference		4,388,019	(843,856)
Cash and cash equivalents at the beginning of the year	_	10,004,859	1,825,132
Cash and cash equivalents at the end of the Period	22	2,896,427	1,852,021

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

1.0 Corporate information.

The Company was incorporated as a private limited liability Company on 13 March 1995 and commenced business activities on 15 March 1995. The principal activities of the Company include manufacturing and distribution of pharmaceutical products. The Company's shares were quoted the Nigerian Stock Exchange on 5 June 2008. The issued share capital is held as to 38.86% directly by the Directors, 5.74% indirectly by the Directors and 54.94% by the Nigerian Public.

1.1 Composition of the financial statements

The Financial statements are drawn up in Naira, the functional currency of Fidson Healthcare Plc. In accordance with IFRS accounting presentation, the Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash flows
- Notes to the Financial Statements.

1.2 Financial period

These Financial Statements cover the financial period 30 June 2024 with comparative amounts for the year ended 30 June 2023.

2.0 Material accounting policy information

2.1 Basis of preparation and measurement

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) that are effective at 31 December 2023 and Financial Reporting Council Act as issued by the Financial Reporting Council of Nigeria (FRCN), and the requirements of Companies and Allied Matters Act (CAMA) of Nigeria.

The financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value. The financial statements are presented in the Nigerian Naira and all values are rounded to the nearest thousands (\Re' 000), except where otherwise indicated.

2.2 Reclassification

Certain reclassifications have been made to prior year's financial statements to aid comparability with the current year's financial statements. This reclassification has had no impact on prior year's reported position.

2.3 Material accounting policy information

The following are the significant accounting policies applied by the Company in preparing its financial statements:

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.1 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sell or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.
 Or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
 Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the relevant observable inputs and minimizing the use of unobservable inputs.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.3 Revenue recognition

Revenue is recognised to depict the transfer of promised goods to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods.

Revenue is recognised by applying a five-step approach:

- Identify the contract
- Identify the separate performance obligations in the contract for Ethical and OTC when the
 products are delivered to the customer and for consumer healthcare when the customer picks
 up the product from the factory.
- Determine the transaction price
- Allocate the transaction price to separate performance obligations
- Recognise revenue when (or as) each performance obligation is accomplished (delivery of Ethical and Consumer healthcare product)

The Company recognises revenue from the following major sources:

- Sale of Ethical Products, ethical product category are infusion, capsule, and tablet. Revenue Is recognise when products are delivered to customers.
- Sale of Over the Counter (OTC) products. OTC product category are tablet, capsule, and syrup. Herbal product. Revenue is recognised when products are delivered to customer.
- The company also recognises revenue from manufacturing pharmaceutical products on behalf
 of its customers. The performance obligation in this type of contract involves the delivery of
 finished pharmaceutical drugs to its customers. Revenue is recognised overtime for this type of
 contract.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when the ethical and OTC products are delivered to the customer and or when the consumer healthcare customer picks their product from the factory.

Cost to obtain a contract.

In addition to the cost of the product, the Company pays sales commission to its employees and distributor for certain contracts that they obtain for sales of products. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under sales expenses) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

Dividends

Dividends are recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.3.4 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the profit or loss over the expected useful life in a pattern of

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.4 Government grants (cont'd)

consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy in Note 2.2.12 (ii).

2.3.5 Taxes

Current income tax

The income tax assets or liabilities for the current year are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA) 2007 at 30% of total profit after deducting capital allowances and loss relief. Education tax is also assessed at 3% of the assessable profits.

Current income tax relating to items recognised outside the profit or loss are recognised outside profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability
 in a transaction that is not a business combination and, at the time of the transaction, affects neither
 the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

 When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.5 Taxes (cont'd)

Deferred tax (cont'd)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates
 and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable
 that
- the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax on items recognised in the profit or loss is also recognised in the profit or loss, while deferred tax on items recognised outside the profit or loss is also recognised outside the profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Value Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of Value Added Tax (VAT), except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2.3.6 Foreign currency transaction

Foreign currency transactions are converted into the functional currency, the Nigerian Naira at the rate of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency interbank rate of exchange ruling at the reporting date in accordance with the Central Bank of Nigeria guidelines. Any exchange gains or losses arising on settlement or translation of monetary items are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.3.7 Property plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, net of accumulated depreciation and/or accumulated impairment loss, if any. Such cost includes the cost of replacing

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Notes to the financial statements.

2.3.7 Property plant and equipment (cont'd)

component parts of the property, plant and equipment and borrowing costs for long term projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognised as individual assets with specific useful lives and depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful lives. Land and capital work-in-progress are not depreciated. The attributable cost of each item of capital work-in-progress is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly. Deprecation commences once asset is available for use. The normal expected useful lives for the major categories of property, plant and equipment are:

	Years
Land	Nil
Buildings	50
Plant and machinery	4 to 25
Office equipment	4 to 10
Furniture and fittings	8
Motor vehicles	4 to 6
Capital work-in-progress (WIP)	Nil

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The assets 'residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying amounts may not be recoverable.

Impairment losses and reversals of impairment losses are recognised in the profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.3.8 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less then N50,000) (such as tablets and personal

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.8 Leases (cont'd)

computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless

another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under
 a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised
 lease payments using an unchanged discount rate (unless the lease payments change is due to a change
 in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which
 case the lease liability is remeasured based on the lease term of the modified lease by discounting the
 revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.8 Leases (cont'd)

relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as a lessee

Finance leases transfer to the Company substantially all the risks and rewards incidental to ownership of the leased asset.

The assets are measured at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss.

The capital element of assets under finance lease is capitalised along with the Company's property, plant and equipment and depreciated at the same rates for assets of that category, or over the lease term, where the lease term is shorter than the assets' useful lives.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Leases - as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.8 Leases (cont'd)

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2.3.9 Borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

2.3.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

The investment properties are subject to annual depreciation charge of 2% on a straight-line basis.

If Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the year of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. Owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.3.11 Intangible assets

Product licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The Company makes upfront payments to purchase product licenses. The product licenses are held on various pharmaceutical products sold by the Company and have license years that range from 2 to 5 years. The licenses may be renewed by the Company at the expiration of the license period.

Intangible assets with finite lives are amortised over the useful economic lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.11 Intangible assets (cont'd)

Amortisation is calculated using the straight—line basis to write down the cost of intangible assets to their residual values over their estimated useful lives.

An intangible asset is derecognised on disposal or when no future economic benefit is expected from use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the intangible asset and recognised in the statement of profit or loss when the asset is derecognised.

2.3.12 Financial instruments

(i) Financial assets

A financial asset is any asset that is:

- cash.
- an equity instrument of another entity.
- a contractual right to receive cash or another financial asset (e.g., receivables); or
- a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to Fidson (e.g., derivatives resulting in an asset, bonds, and investments)

(ii) Financial liability

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset (e.g., payable); or
- a contractual obligation to exchange financial assets or financial liabilities with another
 entity under conditions that are potentially unfavourable to the Company (e.g.,
 payables, loans and derivatives resulting in a liability).

(iii) Amortised cost

All Fidson's financial assets and liabilities are measured at amortised cost, including, trade receivables and trade payables. The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured at initial recognition minus principal repayments to date, and minus any reduction for impairment.

If there is a difference between the initial amount and the maturity amount (arising from reasons other than impairment), amortised cost will also be plus or minus the cumulative amortisation using the effective interest method.

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 in finance income in the profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

(iv) Effective interest method

The effective interest method calculates amortised cost by allocating the interest payment or expense over the relevant period. This calculation only applies if a premium has been paid or a discount received. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.12 Financial instruments (cont'd)

estimating cash flows, all contractual terms are considered but expected future credit losses are not taken into account unless the financial instrument is credit impaired.

(v) Expected credit loss (ECL)

The expected credit loss is the difference between the cash flows due under the contract and the cash flows expected to be received, discounted at the original effective interest rate. An expected credit loss allowance is similar to an impairment provision.

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g., most trade and other receivables, is set up through the Income Statement at initial recognition of the asset. The ECL is deducted from the carrying value of the asset on the balance sheet. Subsequent movements in the ECL (including release of the ECL if the asset is recovered in full) are reported in the Income Statement.

All ECL (impairment) allowances must be reviewed at least quarterly.

In applying the IFRS 9 impairment requirements, an entity needs to apply one of the following approaches:

- The simplified approach, which will be applied to trade receivables.
- The general approach, which will be applied to other receivables, including royalty receivables, and to loan assets and investments in debt securities.

a) The simplified impairment approach.

The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. Fidson uses a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix should incorporate forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns, such as Distributors, Sales representatives, and Institutions.

b) The general impairment approach

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL).

For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.12 Financial instruments (cont'd)

(v) Expected credit loss (ECL) (cont'd)

b) The general impairment approach (cont'd)

Indicators of a significant increase in credit risk include:

- An actual or expected significant change in the financial asset's external or internal credit rating.
- Existing or forecast adverse changes in business, financial or economic conditions that
 are expected to cause a significant change in the debtor's ability to meet its debt
 obligations, such as an increase in interest rates or a significant increase in
 unemployment rates.
- An actual or expected significant change in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations, such as a decline in the demand for the debtor's sales product because of a shift in technology;
- Expected changes in the loan documentation (i.e. changes in contract terms) including
 an expected breach of contract that may lead to covenant waivers or amendments,
 interest payment holidays, interest rate step-ups, requiring additional collateral or
 guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group (e.g., an increase in the expected number or extent of delayed contractual payments); and
- Past due information on debtors.

For current assets (expected to be recovered in less than 12 months), there will be no difference between the 12-month ECL and the lifetime ECL.

(vii) Impairment of financial asset investments

financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset.

In the case of equity investments classified as financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the year in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss – is reclassified from equity and to the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in other comprehensive income.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.12 Financial instruments (cont'd)

(viii) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either.
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(ix) Derecognition of financial liabilities

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(x) Offsetting of financial instruments

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

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.13 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials are stated at purchase cost on the weighted average basis.
- Finished goods and work in progress: Cost in this case consists of direct purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present condition and location. Finished goods are valued using weighted average cost.
- Goods in transit are valued at the invoiced price.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods with six (6) months or less to expiration and expired materials are provided in the profit or loss account.

2.3.14 Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.3.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.3.16 Pension and other post-employment benefits

Retirement benefit Schemes

The gratuity scheme is a defined benefit plan. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur. Actuarial gains and losses are not reclassified to the profit or loss in subsequent years.

Pension

The Company operates a defined contribution plan in line with the provisions of the Pension Reform Act 2014 as amended. This plan is in proportion to the services rendered to the Company by the employees with no further obligation on the part of the Company. The Company and its employee contribute 10% and 8% respectively of employees' current salaries and designated allowances to the scheme. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recorded as personnel expenses in the profit or loss.

Past service costs are recognized in the profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Company recognizes restructuring-related costs

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

2.3.16 Pension and other post-employment benefits (cont'd)

Pension (cont'd)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs and gains and losses on curtailments
- Net interest expense or income

Short term benefits

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short term cashbonus plans if the Company has a present and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

2.3.17 Dividends

Dividends on ordinary shares are recognised as a liability when they are approved by the Company's shareholders at the Annual General Meeting. Dividends for the year that are approved after the reporting date are disclosed in the financial statements as a non-adjusting event.

2.3.18 Segment reporting

For management purposes, the Company is organised into business units based on its products and has three reportable segments as follows:

- The over-the-counter segment, which represent the products that may be sold directly to the consumer without a prescription.
- Ethical products segment, which are drugs, injectables and infusion which would be sold to the consumer only on the possession of a valid prescription.
- Consumer healthcare product which represent manufacturing product for customers.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and cost of sales.

2.3.19 Dealing in Securities by insiders

The company's directors are constantly reminded, and they are aware of the restrictions imposed on them with regards to trading in the shares of the Company during closed periods. The policy in place is obeyed by the Directors and other senior employees who by virtue of their position constantly meet price sensitive information.

Enquiries have been made and it is hereby stated that in respect of this financial statements submitted in the course of the year under review none of the Directors violated the rules relating to securities trading.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management Note 42
- Financial risk management and policies Note 41

3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Property, plant and equipment

The Company own a property with dual purpose. The portion not occupied by the Company cannot be separately sold or leased out under a finance lease arrangement. Management believe it occupies a significant portion of the property; hence the whole property has been classified as property, plant & equipment.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities.

Retirement benefits

The cost of defined benefit gratuity scheme is determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer to Note 2 for assumptions relating to retirement benefits.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

3.2 Estimates and assumptions (cont'd)

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 41 for further disclosures.

Financial instruments

The Company assesses at each reporting date whether there is any objective evidence that the financial assets is impaired. Financial assets are deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the Available-for-sale financial assets that can be reliably estimated. The objective evidence the Management relies upon in assessing the Available-for-sale financial assets for impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also seen as objective evidence of impairment.

The Company judges that the impairment is significant if the fair value declined is between 20% and 30% and prolonged when it is between 9 and 12 months.

When the fair value of available-for-sale financial assets cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 19 on the details of financial instrument.

Property, plant and equipment

The Company carries its property, plant and equipment at cost in the Statement of Financial Position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Company reviews the estimated the useful lives and residual values of its property, plant and equipment, and accounts for any changes prospectively. Refer to Note 14 on property plant and equipment.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

4.0 Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended IFRS Accounting Standards that are effective for the current year (2023)

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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

The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

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Notes to the financial statements.

4.0 Application of new and revised International Financial Reporting Standards (IFRSs) (cont'd)

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The directors of the company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

4.0 Application of new and revised International Financial Reporting Standards (IFRSs) (cont'd)

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early. The directors of the company anticipate that the application of these amendments may have an impact on the company's financial statements in future periods.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

4.0 Application of new and revised International Financial Reporting Standards (IFRSs) (cont'd)

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Unaudited report and financial statements For the period ended 30 June 2024

5 F	Revenue
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	Jun-24 ₦′000	Jun-23 ₩'000
Sales of goods		
Ethical	24,529,596	15,814,234
Over-The-Counter (OTC)	12,259,376	8,023,772
Consumer Healthcare Product	463,678	1,741,982
	37,252,650	25,579,988
		

Revenue represents total value of goods invoiced to third parties locally and contract manufacturing.

6 Cost of sales

6	Cost of sales		
		Jun-24	Jun-23
		₩′000	₩ ′000
	Ethical	11,800,766	7,230,218
	Over The Counter (OTC)	5,897,774	3,668,443
	Consumer Healthcare Product	320,919	1,349,596
	Depreciation of factory PPE (Note 14)	491,192	381,654
	Energy	2,121,961	774,589
	Personnel Cost	989,018	726,929
	Other Factory Overheads	530,597	390,977
		22,152,227	14,522,406
7	Other gains and losses		
,	Other gams and losses	Jun-24	Jun-23
		₩'000	₩'000
	Amortisation of government grant	198,930	158,375
	Other operating income	12,843	1,603
	Gain on disposal of property, plant and equipment	29	1,618
	Sale of scrap	73,553	36,085
	Sale of serap		30,003
		285,354	197,681
7b	Impairment of receivables (note 20)	Jun-24	Jun-23
		₩ ′000	₩′000
	Amount impaired	200,000	250,000

This has been disclosed separately in the statement of profit or loss and other comprehensive income.

Unaudited report and financial statements For the period ended 30 June 2024

	, ,	Jun-24	Jun-23
		₩′000	₩′000
0	Administrative evanges	H 000	₩ 000
8	Administrative expenses	F 001	7,000
	Association and Membership	5,981	7,999
	Audit fee	11,250	8,750
	Conferences and Workshop	13,134	4,809
	Consultancy fees	221,136	136,758
	Corporate social responsibility	85,210	66,511
	Depreciation and amortisation (Note 8a)	292,843	227,735
	Diesel and fuel	165,208	139,777
	Insurance	120,167	96,493
	Legal	19,152	3,036
	Office supplies	44,567	4,502
	Personnel costs (Note 8b)	1,159,375	1,253,924
	Printing & stationery	59,246	20,837
	Repairs and maintenance	163,556	112,798
	Outsourced Cleaning and Security Expenses	29,055	18,690
	Telephone & postage	62,297	53,761
	Training	31,372	16,048
	Travelling & Entertainment	330,962	382,186
	Permit and Dues	48,905	44,771
	Auxilliary materials & Tools	80,289	109,344
	Canteen expenses	89,438	55,611
	AGM Expenses	15,248	2,000
	Directors Expenses	11,000	22,110
	Bank administrative fee	212,360	171,797
		3,271,750	2,960,247
		Jun-24	Jun-23
8a	Depreciation and amortisation	₩′000	₩′000
	Depreciation of property, plant and equipment (Note 14)	712,216	538,287
	Depreciation of Rights of use assets (Note 15)	18,456	33,834
	Depreciation of property, plant and equipment included in cost of sales (Note 6)	·	(381,654)
	Depression of property, plant and equipment monaded in cost of sailes (note of	239,480	190,467
	Amortisation of intangible assets (Note 16)	53,363	37,268
	Amortisation of intaligible assets (Note 10)		37,200
		292,843	227,735
		232,843	221,133
ماه	Darrannal acata		
8b	Personnel costs	10.600	10.575
	ITF	18,609	18,575
	Pension cost	58,718	63,060
	Salary and wages	1,082,048	1,172,290
	Total reported in admin (Note 8)	1,159,375	1,253,924
	Included in cost of sales (Note 6)	989,018	726,929
		2,148,393	1,980,854
		Jun-24	Jun-23
8c	Net exchange difference	₩′000	₩′000
	Realised	3,381,370	843,856
	Unrealised	1,006,649	
		4,388,019	843,856
9	Selling and distribution expenses		
	Promotion and advertisement	179,890	587,180
	Logistics expense	1,295,308	736,734
	Sales expenses	1,664,828	986,329
		3,140,026	2,310,243

Unaudited report and financial statements For the period ended 30 June 2024 Jun-24 Jun-23

		Jun-24	Jun-23
		₦ ′000	₩′000
10	Finance cost		
	Interest on loans	766,326	489,934
	Interest on overdraft	229,087	32,131
	Interest on other financial liability (CP)	1,153,450	257,156
	Interest on finance lease		18,280
		2,148,864	797,500
11	Finance income		
	Interest earned on loans and receivables	20,238	12,881
		20,238	12,881
12	Profit before tax		
	This is stated after charging:		
	Amortisation of intangibles	53,363	37,268
	Audit fee	11,250	8,750
	Depreciation of property, plant and equipment	712,216	538,287
	Depreciation of right of use assets	18,456	33,834
	Personnel costs (Note 8b)	2,148,393	1,980,854
	Exchange loss/(gain)	4,388,019	843,856
13	Taxation		
13a	Income tax expense		
	The major components of income tax expense for the period ended 30 Ju		
		Jun-24	Jun-23
	Current income tax:	₩′000	₩′000
	Current year income tax charge	677,207	1,231,890
	Current education tax charge	67,721	102,657
	Total current tax	744,928	1,334,547
13b	Income tax payable	Jun-24	Dec-23
	Current tax payable	₩ ′000	₩′000
	At 1 January	839,094	1,396,272
	Charge for the year	744,928	839,094
	Payments during the year	(839,094)	(1,396,272)
	At 30 June 2024	744,928	839,094
13c	Deferred tax liability		
	At 1 January	2,871,885	1,389,945
	Amounts recorded in profit or loss	-	1,470,722
	comprehensive income		11,218
	At 30 June 2024	2,871,885	2,871,885

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

14	Property,	plant	and	equipment	
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COST:	LAND	BUILDING	MOTOR VEHICLES	OFFICE EQUIPMENT	PLANT & MACHINERY	FURNITURE & FITTINGS	CONSTRUCTION WIP	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2023	1,165,630	9,360,486	1,452,956	1,210,418	5,936,625	225,794	4,264,527	23,616,456
Additions	-	291,947	98,976	146,253	700,535	193,698	3,014,179	4,445,588
Disposals	-	-	(83,800)	(260)	(20,825)	-	-	(104,885)
Reclassification	-	2,318,231	442,043	1,566	1,224,259	-	(3,986,099)	-
Transfer (Note 14.1)		-	-	-	-	-	(202,775)	(202,775)
At 31 December 2023	1,165,630	11,970,664	1,910,175	1,357,977	7,840,594	419,492	3,089,832	27,754,384
Additions	-	-	494,175	122,976	206,518	15,211	852,970	1,691,850
Disposals	-	-	(11,323)	(158)				(11,481)
Reclassification	-	-		13,411			(238,697)	(225,287)
Transfers	-	-						-
At 30 June 2024	1,165,630	11,970,664	2,393,027	1,494,206	8,047,112	434,703	3,704,105	29,209,466
DEPRECIATION :								
At 1 January 2023	-	929,356	585,970	782,114	1,606,334	147,094	-	4,050,868
Charge for the year	-	182,315	296,364	128,074	501,674	18,726	-	1,127,153
Transfer out	-	-	-	-	-	-	-	-
Disposal		-	(75,984)	(31)	(19,784)	-	-	(95,799)
At 31 December 2023	-	1,111,671	806,350	910,157	2,088,224	165,820	-	- 5,082,222
Charge for the year	-	113,888	184,471	78,621	315,158	20,078	-	712,216
Reclassification	-	,	(10,757)	(150)	,	,	-	(10,907)
Disposal	-		, , ,	,			-	-
At 30 June 2024	-	1,225,559	980,064	988,628	2,403,382	185,898	-	5,783,531
CARRYING VALUE:								
At 30 June 2024	1,165,630	10,745,105	1,412,962	505,578	5,643,730	248,805	3,704,105	23,425,915
At 31 December 2023	1,165,630	10,858,993	1,103,825	447,820	5,752,370	253,672	3,089,832	22,672,162

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

- 14.1 This represents reversal of initial transaction recognized in capital work in progress to the afftected vendors' account.
- 14.2 The company's assets have been pledged as security for bank borrowings to the tune of the outstanding balance of total borrowings outside the Company at the reporting date (See Note 23). The company is not allowed to pledge or sell these assets as security for other borrowings or sell them to another entity.

15	Right of Use Assets			
	COST:	MOTOR	PLANT &	TOTAL
		VEHICLES	MACHINERY	
		N'000	N'000	N'000
	At 1 January 2023	333,776	449,428	783,204
	Additions	-	-	-
	Disposals	(120,784)	-	(120,784)
	Reclassification - Note 15		-	-
	At 31 December 2023	212,992	449,428	662,420
	Additions	-	-	-
	Disposals	-	-	-
	Reclassification		-	-
	At 30 June 2024	212,992	449,428	662,420
	ACCUMULATED DEPRECIATION :			
	At 1 January 2023	289,686	112,701	402,387
	Charge for the year	23,835	33,855	57,690
	Adjustment/Reclassification	-	-	-
	Disposal	(112,707)	-	(112,707)
	At 31 December 2023	200,814	146,556	347,370
	Charge for the year	1,529	16,928	18,456
	Disposal			-
	At 30 June 2024	202,343	163,483	365,826
	CARRYING AMOUNT.			
	CARRYING AMOUNT:	12.170	202.072	245.050
	At 31 December 2023	12,178	302,872	315,050
	At 30 June 2024	10,649	285,945	296,594

The company leases motor vehicles and Plant & Machinery. The average lease term is 5 years.

Dec-23

₩'000

Jun-24 ₩'000

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

15.1 Amounts recognised in profit or loss	Jun-24	Dec-23
	₩′000	₩′000
Depreciation expense on right of use assets	18,456	57,690
Interest expenses on lease liabilities		3,798

There are no indications of impairment of right of use assets.

15.2 Finance Lease – the carrying value of property, plant and equipment held under finance lease at 30 June 2024 was motor vehicles N10.65million, plant & machinery N285.96million (31 December 2023 motor vehicle N12.18million, plant & machinery N302.87million).

16 Intangible assets

Product licences	Jun-24 ₩'000	Dec-23 ₩'000
Cost:		
At 1 January	456,553	372,629
Additions	105,792	83,924
At 30 June 2024	562,345	456,553
	·	
Amortisation		
At 1 January	430,976	349,085
Charge for the year	53,363	81,891
		
At 30 June 2024	484,339	430,976
Carrying amount	78,006	25,577
, ,		

The product licenses are intangible assets with finite life and are amortized in line with the provisions of IAS 38. The intangible assets are tested for impairment when there are indicators of impairment in line with the provisions of IAS 36, by comparing the recoverable amount with the carrying amount at the end of the reporting period. There were no indicators of impairment during the year.

17 Financial assets

The company's financial instruments are summarised by categories as follows:

	Financial Instrument(17a)	7,140	7,730
	Loans and receivables (17b)	16,933	501,193
	Total financial instruments	24,073	508,923
17a	Financial Instrument		
	Quoted equity at fair value (Zenith Bank Plc)		
	At 1 January	7,730	4,800
	Gain/(Loss)	(590)	2,930
	Total	7,140	7,730

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

17b Loans and receivables

The company's financial instruments are summarised by categories as follows:

	Jun-24	Dec-23
	₩′000	₩′000
Investment with Cardinal Stone Partners (17b.1)	16,933	16,183
Financial Asset - Forwards (17b.2)		485,010
	16,933	501,193
	10,555	301,133
	Jun-24	Dec-23
	₩′000	₩′000
17b.1 Loans and receivables		
Investment with Cardinal Stone Partners		
At 1 January	14,367	12,876
Additions	-	-
Drawdown	-	-
Interest accrued	750	1,491
Sinking Fund	1,816	1,816
	16,933	16,183

CardinalSone Partners Limited is the portfolio management and custodial service provider for the Company towards meeting its payment on the bond. The bond was issued in 2014 and fully repaid in 2019. The balance above represents the residual portion of the investment towards repayment.

17b.2 Financial Asset - Forwards

	Jun-24	Dec-23
	₩′000	₩′000
Opening	485,010	-
Addition	-	485,010
Redeemed	(485,010)	-
Balance	_	485,010

This amount represents the total value of letter of credits forward contracts with the CBN which has now been redeemed.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

18 Other non –current financial asset Meristem Trustees	₩'000	₩′000
At 1 January	184,432	174,542
Transfer from ALM Trustees	-	-
Proceeds	-	-
Accrued interest	5,285	9,890
Other Investment		-
	189,717	184,432
	Jun-24 N ′000	Dec-23 ₦′000
19 Inventories		
Finished goods	12,299,530	5,767,551
Goods-in-transit	9,610,903	4,162,054
Raw and Packaging materials	6,654,411	6,051,990
Work- in- progress	314,270	27,710
Engineering spare parts	398,475	350,399
Promotional and Other Consumable Materials	316,613 29,594,201	146,768 16,506,472
	23,33 1,232	10,000,172
Total inventory writedown	(157,023)	(149,523)
	29,437,178	16,356,949
19a Inventories Writedown	Jun-24	Dec-23
	₩'000	₩′000
at I January	(149,523)	(131,792)
Addition	(7,500)	(154,312)
Write off	- -	136,581
	(157,023)	(149,523)

The company did not pledge any inventory as collateral for loans. The value of inventory written down in the year is ₹157 million (2023: ₹149.5 million)

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

		Jun-24 ₩'000	Dec-23 ₩'000
20	Trade and other receivables		
	Trade receivables	9,119,974	5,693,528
	Impairment loss (Note 20a)	(564,000)	(364,000)
		8,555,974	5,329,528
	Other Receivables (Note 20b)	665,207	558,299
		9,221,181	5,887,827

Other receivables relateto withholding tax, and staff advances. These are not interest bearing and repayment is within 1 year.

Trade receivables meet the definition of financial asset and the carrying amount of the trade receivables approximates their fair value. Trade receivables are expected to be fully collected within 1 year.

The company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position adjusted for factors that are specific to the debtors' general economic conditions of the industry in which the debtor operate and an amendment of both the current as well as the forecast direction of conditions at the reporting rate.

There has been no change in the estimation techniques or significant assumption made during the current reporting period.

The company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or when the bad receivables are over two years past due, which occurs earlier.

20a As at 30 June 2024, trade receivables valued at ₩564million (2023: ₩364million) were impaired and provided for. See below for the movements in the provision for impairment of trade receivables.

At 1 January 2024 Addition Write off of trade receivables	Individually impaired 'No00 364,000 200,000
At 30 June 2024	564,000
At 1 January 2023 Addition Write off of trade receivables	136,218 227,782
At 31 Dec 2023	364,000

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

		Jun-24 N ′000	Dec-23 ₩'000
20b.	Other receivables		
	Withholding tax receivables (WHT)	234,071	192,516
	Staff advances and other debtors	431,135	365,783
		665,207	558,299

Other receivables relate to withholding tax, value added tax receivables and staff advances. These are not interest bearing and repayment is within 1 year.

		Jun-24 ₦′000	Dec-23 ₩'000
21	Prepayments		
	Advance to suppliers	6,485,095	4,122,214
	Other prepayments	1,961,350	1,131,349
		8,446,445	5,253,563

This represents advances made to suppliers for the purchase of factory raw and packaging materials. Other prepayments include prepaid advert, prepaid insurance, prepaid rent and equipment. Prepaid rent relates to rental paid for warehouses and offices outside Lagos.

		Jun-24 ₩′000	Dec-23 ₩'000
22	Cash and bank balances		
	Bank balances	3,909,608	4,644,013
	Cash at hand	16,150	16,372
	Short-term deposits (including demand		
	and time deposits)	256,732	10,091
	Restricted cash for letter of credit		6,116,167
	Total cash and cash equivalents	4,182,489	10,786,643

Short–term deposits are made for varying years of between one day and three months, depending on the immediate cash requirements of the Company and weighted average interest rate is at 14.5%.

For the purpose of cash flows, cash and cash equivalents consist of:

	Jun-24	Dec-23
	₩′000	₩′000
Bank overdraft (Note 22.1)	(1,286,062)	(781,784)
Cash and cash equivalents	4,182,489	10,786,643
	2,896,427	10,004,859

22.1 Bank overdraft represents the outstanding commitment on short-term borrowings for working capital management.

The bank overdrafts are secured against mortgage debenture held by a trustee. The lenders are Wema Bank,

Fidelity, Sterling and FSDH. The interest on the overdraft ranges from 29–31%.

Cash at banks in some classified account (e.g Call accounts, DSRA account and others) earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

		Jun-24	Dec-23
		₩′000	₩′000
23	Interest Bearing Loans and borrowings		
	(Non-current portion)		
	Bank of Industry ('BOI')(23b)	363,267	355,231
	CBN DCRR/FCMB-Capex(Note 23d)	1,077,755	1,049,900
	NEXIM/Fidelity-Capex(Note 23d)	280,785	280,371
	Bank of Industry ('BOI') (23f)		-
	Bank of Industry Term Loan 5billion (Note 23e)	2,602,354	2,532,940
	Bank of Industry-N2.5billion Capex (23g)	1,939,463	1,892,368
		6,263,625	6,110,810
	10		
	(Current portion) Bank of Industry ('BOI') 4 (Note 23b)	82,710	162,162
	CBN DCRR/FCMB-working Capital(Note 23c)	82,710	102,102
	CBN DCRR/FCMB-capex (Note 23c)	- 598,211	-
	CBN/DCRR/FCMB- CAPEX (Note 23c)	, ,	- 326,119
	NEXIM/Fidelity-working capital (23d)	172,386 203,129	400,000
	Bank of Industry Term Loan Sbillion (Note 23e)	203,129	1,000,000
	Bank of Industry N2.5Billion Capex (Note 23f)	258,829	250,000
	Short term borrowings (Note 23g)	4,328,206	9,524,804
	Short term borrowings (Note 23g)	4,328,200	3,324,804
		5,643,471	11,663,085
	Total	11,907,096	17,773,895
23a	Reconciliation of interest bearing loans		
	At 1 January	17,773,894	11,544,852
	Interest expense	1,908,286	1,347,260
	Accrued interest	240,578	119,319
	Additions	528,775	11,105,017
	Transfer to Government grant	(198,930)	(403,847)
	Principal repayment	(6,196,644)	(3,602,836)
	Interest paid	(2,148,864)	(1,454,692)
	Exchange difference	_	(881,180)
	AT 30 June	11,907,096	17,773,894

The BOI loan is a N2billion loan granted in two tranches of N1bn each. The first N1bn granted at 10% for 84 months for capital expenditure while the other N1bn granted at 15% for 42 months to augment working capital.

A fair value of the loan was obtained using an estimated market rate of 18%. The difference between the loan rate and market rate accounted for a grant element of N221.2m. This was recognized as a government grant and will be amortized to profit or loss over the duration of the loan. The loan was granted in 2019 with a moratorium of 1 year.

The moratorium on principal repayment of BOI loan 3 and 4 has been extended by one year, this is to cushion the effect of the covid pandemic, 2% reduction in interest rate was also granted until March 31, 2021. The working capital loan has been paid off.

FCMB loan is a N2.5billion Central Bank of Nigeria (CBN) Real Sector Support Facility-Differentiated Cash Reserve Requirement granted to Fidson Healthcare PLC for 84 months. N2billion is for acquisition while N500million is for working capital. The working capital portion has been fully repaid. The principal and interest shall be in twenty equal instalments and the interest shall be 9% per annum, however the CBN concessionary rate of 5% elapsed on February 28,2021. In addition, the moratorium period for principal repayment was further extended by another one year till 2022.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

23d Nexim Loan is a N3billion Nigerian Export-Import bank loan under the direct lending scheme to Fidson Healthcare PLC at the rate of 9% per annum.

The loan was disbursed in two equal instalments, N1.5billion for equipment finance and the other for working capital utilization. The first instalment was disbursed in December 2020 while the last instalment was disbursed in February 2021. The working capital loan has been paid off.

- The new BOI facility is a 6years period term loan of N5billion of which the sum of N2billion was disbursed in 2022 while N3billion was disbursed in 2023. The initial interest rate on the facility is 5% which elapsed in February 2022 and current interest rate on the facility is 9%. The security on the borrowing is a tripartite legal mortgage over the property.
- 23f The new BOI facility is a 6-year period term loan of N2.5billion secured in 2023 for additional equipment finance due to the expansion of our production facility. The interest rate on the facility is 10% with a 12 month moratorium. The security on the borrowing is a tripartite legal mortgage over the property.
- 23g Short- term borrowings above are current and are expected to be settled within 12 months of the reporting date. The loans from Coronation Bank, Parallex Bank, Lotus Bank, Unity Bank and Rand Merchant Bank are secured by Naira cash provided to the banks. The security on the borrowings from FCMB, Fidelity Bank and Wema Bank is a tripartite legal mortgage over the property of the Company and attract an interest rate of 30%. The carrying value of short-term borrowings approximates their fair value due to the short-term nature and the fact that there were no material movement in market rates since the inception the loans.

	Details of short-term borrowings are as follows:	Jun-24	Dec-23
		₩′000	₩′000
	FCMB-bankers acceptance	600,000	800,000
	Wema LC Liability	3,453	1,217,541
	Coronation LC Liability	-	1,294,068
	Lotus Bank LC Liability	363,996	1,690,116
	Parallex bank LC Liability	-	3,052,310
	FCMB LC Liability	458,756	16,977
	Sterlling LC Liability	362,752	547,259
	Unity LC Liability	=	906,533
	Rand Merchant LC Liability	339,250	-
	Fidelity - import finance facility	2,200,000	=
		4,328,206	9,524,804
24	Retirement benefit obligation		
	Net benefit expense (recognised in administrative expenses)		
		Jun-24	Dec-23
		₩′000	₩′000
	Interest cost on benefit obligation	-	37,392
	Net benefit expense	-	37,392
	Defined benefit liability	252,158	252,158

The 2023 actuarial valuation was carried out by Ernest & young and signed by Miller Kingsley with FRC number FRC/2012/NAS/00000002392

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

		Jun-24 N ′000	Dec-23 ₩'000
25	Government grant		
	At 1 January	1,001,826	997,886
	Additions	-	403,847
	Released to profit or loss (Note 7)	(198,929)	(399,907)
	At 30 June 2024	802,897	1,001,826
	Current	193,934	392,863
	Non-current	608,963	608,963
		802,897	1,001,826
	This represents the grant elements of the Central Bankof Nigeria intervention loans, after the loans were remarked effective interest rate. The government grants have been recognised in the statement of financial position amortised through the profit or loss on a systematic basis over the tenure of the loans.	_	
		Jun-24	Dec-23
		₩′000	₩′000
26	Trade and other payables		
	Trade payables	10,281,503	5,544,081
	Accruals	2,369,748	1,504,723
	Other payables (Note 26a)	2,235,555	2,027,207
		14,886,805	9,076,011
26a.	Other payables		
	Other creditors (Note 26b)	1,699,505	1,504,541
	Withholding tax (WHT)	392,884	327,336
	Payable to the Directors	79,794	152,652
	Pay as you earn (PAYE)	33,849	29,086
	Staff Cooperative	7,039	2,351
	NHF	983	964
	VAT Payable	496	507
	Staff Pension Fund	9,047	9,770
	Non Executive Directors	8,500	-
	Outstanding due General Managers	3,455	
		2,235,555	2,027,207

Terms and conditions of the above financial liabilities:

 $\label{thm:continuous} \mbox{Trade payables are non-interest bearing and are normally settled on 60-day terms.}$

Other creditors are non-interest bearing and have an average term of six months.

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

Trade payables, and other payables meet the definition of financial liability and their carrying amounts approximate fair value because the terms and conditions of payment is within 1 year for trade and other payables.

26b	Other creditors		
	Included in the other creditors are:	Jun-24	Dec-23
		₩′000	₩′000
	Distributors and sales representative	658,877	1,285,175
	Pioneer Director Retirement Liability	82,598	219,366
	Multivalue Edge Loan Others	565,000 393,031	-
	Others	393,031	
		1,699,505	1,504,541
		Jun-24	Dec-23
		N ′000	₩′000
27	Other Current Financial Liabilities		
	Commercial papers	21,643,455	10,000,000
		21,643,455	10,000,000
	The commercial paper was raised to augment the working capital need of Fidson Healthcare Plc.		
	This need arose as a result of constant depreciation of naira to dollar in the foreign exchange market.		
		Jun-24	Dec-23
		₩′000	₩'000
28	Dividends		
	Dividends paid and proposed	-	1,262,248
	Paid during the year		(1,262,248)
	Balance unpaid		
	Balance unpaid		
	Dividends on ordinary shares:		
	Dividend proposed for 2023: N0.60k per share (2022: N0.55k per share)	1,376,998	1,376,998
		Jun-24	Dec-23
		₩′000	₩′000
28a	Unclaimed dividend		
	Unclaimed dividend	100,745	100,745
	The Unclaimed dividend relates to the amount returned by the registrar to the company in line with the regulatory requirements. This is accounted for as a current liability with the corresponding entry sitting		
206	in cash and cash equivalent.		
28b	Reconciliation of unclaimed dividend	Jun-24	Dec-23
		Jun-24 ₩'000	Dec-23 ₩'000
	At 1 January	100,745	108,140
	Additions		1,262,248
	Payment	-	(1,262,248)
	(Payment)/refund of unclaimed dividend		(7,395)
	At 30 June2024	100,745	100,745
	AC 30 Julie2027	100,743	100,743

Unaudited report and financial statements For the period ended 30 June 2024

Notes to the financial statements.

		Jun-24 ₩′000	Dec-23 ₩'000
29	Share capital and reserves		
		Jun-24	Dec-23
	Issued and fully paid:	₩′000	₩′000
	2,086,360,250 ordinary shares of 50k each	1,147,498	1,147,498
	208,636,025 ordinary shares of 50k each	-	-
		1,147,498	1,147,498
30	Share premium	Jun-24	Dec-23
		₩′000	₩′000
	At 1 January	4,829,614	4,829,614
	Bonus Share of 50k each for 10 ordinary share	<u> </u>	-
	At 30 June2024	4,829,614	4,829,614
		· · · · · · · · · · · · · · · · · · ·	·

Section 120.2 of Companies and Allied Matters Act requires that where a Company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

Share premium arose as a result of premium paid on increase in share capital of 50k from 200,000,000 to 1,500,000,000 and 1,500,000,000 to 2,086,360,250 ordinary shares in November 2007 and April 2019 respectively.

31 Fair Value Reserve

The reserve records fair value changes in available for sale financial asset.

	Jun-24 ₦'000	Dec-23 ₩'000
At 1 January Other Comprehensive income for the year, net	3,285 (590)	355 2,930
At 30 June2024	2,695	3,285

Gain or loss on equity available for sale financial asset is not taxable. Hence, no deferred tax was recognised for fair value gain or loss. This is to aid any user of the financial statement not familiar with Nigerian tax laws.

Unaudited report and financial statements For the period ended 30 June 2024

FIDSON H	IEALTHCA	RE PL	С	
SHAREHOLDING STRUCUTRE/FREE				
FLOAT STATUS				
	31-12-2	72	30-0	6-24
Description	Unit	Percentage	Unit	Percentage
Issued Share Capital	2,294,996,275		2,294,996,275	100%
Substantial Shareholdings (5% and above)				
Dr. Fidelis A. Ayebae	758,543,749	33.05%	758,543,749	33.05%
Stanbic IBTC Nominees Limited	568,422,033		568,422,033	24.77%
Total Substantial Shareholdings	1,326,965,782	57.82%	1,326,965,782	57.82%
Directors' Shareholdings (direct and indirect), excluding of	directors with substant	ial interests		
DR. Fidelis A. Ayebae (indirect)	1,100,000	0.05%	1,100,000	0.05%
Mr. Emmanuel E. Imoagene	37,413,200	1.63%	37,413,200	1.63%
Mrs. Olufunmilola O. Ayebae	74,629,500	3.25%	74,629,500	3.25%
Mrs. Aishatu P. Sadauki	859,705	0.04%	859,705	0.04%
Dr. Vincent Ahonkhai	365,860	0.02%	365,860	0.02%
Mr. Olugbenga O. Olayeye	21,539,144	0.94%	21,539,144	0.94%
Mr. Abiola A. Adebayo	18,289,269	0.80%	18,289,269	0.80%
Mr. Imokha Ayebae	41,800,000	1.82%	41,800,000	1.82%
Mr. Ola Ijimakin	2,359,280	0.10%	2,359,280	0.10%
Mr. Segun Adebanji	0	0	0	0
Total Directors' Shareholdings	198,355,958	8.64%	198,355,958	8.64%
Other Influential Shareholdings				
NIL				
Total Other Influential Shareholdings	0	0.00%	0	0.00%
Free Float in Units and Percentage	769,674,535	33.54%	769,674,535	33.54%
Free Float in Value	₦ 4,348,661	122.75	₦ 4,348,6	61,122.75
Declaration:				

⁽A) FIDSON HEALTHCARE PLC with a free float percentage of 33.54% as at 30th June 2024, is compliant with The Exchange's free

⁽B) FIDSON HEALTHCARE PLC with a free float value of N4,224,984,391.20 as at 30th June 2024 is compliant with The Exchange's