

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL STATEMENTS 30 JUNE, 2024

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE, 2024.**

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NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2024


		QUARTER 2 ENDED 30-Jun-24	6 MONTHS ENDED 30-Jun-24	QUARTER 2 ENDED 30-Jun-23	6 MONTHS ENDED 30-Jun-23	YOY Change
	Note	N'000	N'000	N'000	N'000	
Turnover	8	1,008,401	1,656,658	488,624	957,404	73%
Cost of sales	9	(579,655)	(722,800)	(295,739)	(656,848)	10%
Gross Profit/(Loss)		428,746	933,858	192,885	300,556	211%
Other income	10	51,207	83,332	60,742	91,416	-9%
Marketing and distribution expenses	11	(65,607)	(263,872)	(329,077)	(453,616)	42%
Administrative expenses	12	(132,886)	(261,717)	(160,100)	(290,507)	10%
Finance costs	14	(160,887)	(293,376)	(67,920)	(123,229)	-138%
Operating Profit/(Loss)		120,573	198,226	(303,470)	(475,380)	142%
Exchange Gain/(Loss)				40,417	22,824	100%
Profit from continued operation		120,573	198,226	(263,053)	(452,556)	144%
Income tax expense	28	-	-	-	-	
Profit/(Loss) After Taxation		120,573	198,226	(263,053)	(452,556)	144%
Other comprehensive income						
Gain on available for sale assets		-	-	-	-	
Total other comprehensive income		-	-	-	-	
Total comprehensive Profit/(Loss)		120,573	198,226	(263,053)	(452,556)	144%
Basic Earnings Per Share - Kobo	32	3	5	(6)	(11)	144%


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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC**STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024**

		6 Months Ended	12 Months Ended
	Notes	30-Jun-24 N'000	31-Dec-23 N'000
Assets			
Non-current assets			
Property, plant and equipment	16	3,878,431	3,664,784
Investment properties	17	<u>32,697</u>	<u>33,141</u>
		<u>3,911,128</u>	<u>3,697,925</u>
Current assets			
Inventories	18.	2,664,174	2,065,281
Trade and other receivables	19.	905,098	844,043
Other current assets	20.	79,206	75,013
Cash and cash equivalents	21.1	<u>2,004,675</u>	<u>2,252,834</u>
		<u>5,653,153</u>	<u>5,237,171</u>
Total assets		<u>9,564,282</u>	<u>8,935,096</u>
Liabilities			
Current liabilities			
Trade and other payables	24	3,019,168	2,569,677
Current portion of long term borrowings	22.1	3,876,518	3,883,012
Finance lease liabilities	29.	34,589	40,635
Current tax payable	26.	56,329	68,815
Deferred fair value gain on loan	23	<u>406,708</u>	<u>406,708</u>
		<u>7,393,313</u>	<u>6,968,847</u>
Non-current liabilities			
Non-current portion of long term borrowings	22.1	294,672	288,178
Deferred fair value gain on loan	23	102,505	102,505
Deferred tax liability	27.	<u>106,226</u>	<u>106,226</u>
		<u>503,403</u>	<u>496,909</u>
Total liabilities		<u>7,896,716</u>	<u>7,465,756</u>
Net assets		<u>1,667,566</u>	<u>1,469,340</u>
Equity			
Ordinary shares	30.2	2,136,552	2,136,552
Share premium	30.3	2,377,756	2,377,756
Retained loss	31.	<u>(2,846,742)</u>	<u>(3,044,968)</u>
Total Equity		<u>1,667,566</u>	<u>1,469,340</u>

These financial statements were approved by the Board of Directors on July 25, 2024 and signed on its behalf by:


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


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

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NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2024

	Ordinary shares N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 January 2023	<u>949,579</u>	<u>8,821</u>	<u>(179,632)</u>	<u>778,768</u>
Changes in equity for the quarter				
Loss for the year	-	-	(2,865,336)	(2,865,336)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive Loss for the period	<u>-</u>	<u>-</u>	<u>(2,865,336)</u>	<u>(2,865,336)</u>
Rights issue	1,186,973			1,186,973
Share premium on rights issue		2,523,498		2,523,498
Transaction costs for equity issue	-	(154,563)	-	(154,563)
At 31 December 2023	<u>2,136,552</u>	<u>2,377,756</u>	<u>(3,044,968)</u>	<u>1,469,340</u>
At 1 January 2024	<u>2,136,552</u>	<u>2,377,756</u>	<u>(3,044,968)</u>	<u>1,469,340</u>
Changes in equity for the Period				
Profit for the period	-	-	198,226	198,226
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive Profit for the period	<u>-</u>	<u>-</u>	<u>198,226</u>	<u>198,226</u>
At 30 June 2024	<u>2,136,552</u>	<u>2,377,756</u>	<u>(2,846,743)</u>	<u>1,667,566</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2024

		6 Months to	12 Months to
	Notes	30-Jun-24	31-Dec-23
		N'000	N'000
Profit for the year		198,226	(2,865,336)
Adjustment for:			
Depreciation of property, plant and equipment	16	66,871	125,218
Depreciation of investment properties	17	444	869
Gain or loss on disposal	10	-	(969)
Impairment loss on trade receivables	19.2	17,456	261,043
Provision no longer required	10	-	(710,881)
Reclassification-Overdraft	22	-	(176,348)
Finance cost	14	293,376	667,948
Exchange loss	13	-	-
Income tax expenses	28	-	107,881
		576,373	(2,590,575)
Changes in:			
Increase in inventories		(598,893)	(346,131)
(Increase)/decrease in trade receivables		(78,511)	997,635
Decrease/(increase) in other asset		(4,193)	(12,029)
Increase in trade and other payables		449,492	1,303,527
Decrease in finance lease liability		(6,046)	-
Decrease in deferred tax liability		-	-
Cash generated from operating activities		338,223	(647,573)
Income tax paid	26.	(12,486)	(125,835)
Net cash from operating activities		325,737	(773,408)
Cash flows from investing activities			
Purchase of property plant and equipment	16	(280,520)	(936,136)
Proceed from disposal of property, plant and equipment	10.1	-	2,251
Net cash used in investing activities		(280,520)	(933,885)
Cash flows from financing activities			
Proceed from import finance facility	22.4.2	-	-
Repayment of loans		-	(214,583)
Reclassification of Loan	22.4	-	-
Finance cost paid	14	(293,376)	(661,454)
Proceed on Right issues	22	-	3,710,471
Dividend paid	31	-	-
Finance lease liabilities	29	-	40,635
Right Issue Costs	30.3	-	(154,563)
Net cash (used in)/from financing activities		(293,376)	2,720,506
Effect of exchange rate changes on cash and cash equivalents		-	791,251
Net (decrease)/increase in cash and cash equivalents		(248,160)	1,013,213
Cash and cash equivalents at 1 January		2,252,834	448,370
Cash and cash equivalents at 30 June	21.2	2,004,674	2,252,834

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

Shareholding Structure and Free Float Status

Company Name:

Neimeth Intl Pharms. Plc.

Board Listed:

Main Board

Reporting Period:

June 30th, 2024

Share Price at end of reporting period:

₦ 1.60

Shareholding Structure/Free Float Status

Description	30-Jun-24	
	Unit	Percentage
Issued Share Capital (A)	4,273,104,608	100%
Substantial Shareholdings (5% and above)		
ORDREC INVESTMENTS LIMITED	259,705,920	6.08%
DAMITOP CONSULTING LTD	820,040,820	19.19%
INTERCEDD HEALTH PRODUCTS LTD.	450,842,893	10.55%
CLINOSCOPE SERVICES LIMITED	1,068,276,375	25.00%
HELKO NIGERIA LIMITED	431,805,222	10.11%
Total Substantial Shareholdings (B)	3,030,671,230	70.92%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests		
MR. C. OSHIAFI (Indirect - Representing Damitop Consulting Ltd.)	--	--
MR. E. OKORUWA (Indirect - Representing Damitop Consulting Ltd.)	--	--
DR. O. E. AKANJI (Indirect - Representing Clinoscope Services Ltd.)	--	--
DR. (MRS) A.R UWAJEH (Indirect - Representing Clinoscope Services Ltd.)	--	--
MRS. H.I ORJIAKO (Indirect - Representing ORDREC and HELKO)	--	--
PROF. M. M. IWU (Indirect - Representing Intercedd)	--	--
PROF. M. M. IWU (DIRECT)	9,679,865	0.23%
MAZI S.I. OHUABUNWA (DIRECT)	142,089,605	3.33%
MAZI S.I. OHUABUNWA (INDIRECT)	6,902,857	0.16%
MR. I. T. ONYECHI (DIRECT)	14,444,782	0.34%
MR. I. T. (INDIRECT)	119,510,928	2.80%
MR. E. OKORUWA (DIRECT)	83,490	0.00%
MR. V. C. OKELU	--	--
MRS. R. A. OPUTA	296,316	0.01%
MRS. F. I ONYENEKWE	807,826	0.02%
Total Directors' (C)	293,815,669	6.88%
Free Float in Units and Percentage (A-B-C)	948,617,709	22.20%
Free Float in Value	₦ 1,517,788,334.40	

Declaration:

Neimeth International Pharmaceuticals Plc with a free float percentage of 22.20% as at 30th June, 2024, is compliant with NGX's free float requirements for companies listed on the Main Board.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

1. The Company

1.1 Legal form

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

1.2 Principal activities

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared for the quarter ended 30 June 2024 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011. Additional information required by local regulators has been included where appropriate.

2.2 Basis of measurement

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

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

2.3 Going concern assessment

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

2.4 Functional and presentation currency

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

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

IFRIC 23 Uncertainty over Income Tax Treatments

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

2.5.1 Standards Issued and Effective on or after 1 January 2022

a) IFRS 17 Insurance Contracts

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS.

This standard replaces IFRS 4 – Insurance contracts.

The key principles in IFRS 17 are that an entity:

- a) identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain, future event (the insured event) adversely affects the policyholder;
- b) separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- c) divides the contracts into groups it will recognise and measure;
- d) recognises and measures groups of insurance contracts at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all the available information about the fulfilment cash flows in a way that is consistent with observable market information plus (if this value is a liability) or minus (if this value is an asset) an amount representing the unearned profit in the group of contracts (the contractual service margin);
- e) recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk, if a group of contracts is or becomes loss-making, an entity recognises the loss immediately;
- f) presents separately insurance revenue, insurance service expenses and insurance finance income or expenses;
- g) discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of the entity. To do this, an entity discloses qualitative and quantitative information about:
 - the amounts recognised in its financial statements from insurance contracts;
 - the significant judgements, and changes in those judgements, made when applying the Standard; and
 - the nature and extent of the risks from contracts within the scope of this Standard.

2.5.2 Narrow Scope Amendments deferred until further notice

a) IFRS 10 consolidated financial statements

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

b) IAS 28 Investments in Associates and Joint Ventures

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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

Amendments to IFRS 10 and IAS 28 consolidated financial statements and Investments in Associates and Joint Ventures

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

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

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

3. Summary of significant accounting policies

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

3.1 Intangible assets

3.1.1 Intangible assets acquired separately

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

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

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

3.1.2 Intangible assets generated internally

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

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

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

3.2 Property, plant and equipment

3.2.1 Initial recognition

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

3.2.2 Subsequent costs

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

3.2.3 Depreciation of property, plant and equipment

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

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

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

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

3.2.4 Derecognition

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

3.2.5 Reclassification

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

3.3 Investment properties

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

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

3.4 Inventories

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

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

3.5 Impairment of non-financial assets

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

3.6 Financial instruments

Recognition and initial measurement

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

3.6.1 Financial assets

Initial recognition and measurement of financial assets

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

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

3.6.2 Subsequent measurement

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

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

a) Financial assets at fair value through profit or loss

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

b) Financial assets at fair value through other comprehensive income

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

c) Financial assets carried at amortised cost

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

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

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

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

3.6.3 Financial liabilities

3.6.3.1 Initial recognition and measurements

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

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

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

3.6.3.2 Derecognition

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

3.6.4 Impairment of financial assets

3.6.4.1 Impairment of financial assets

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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

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

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

3.6.4.2 Credit-impaired financial assets

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

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

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

- there is significant financial difficulty of a customer (potential bad debt indicator);
- there is a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the Customer's financial difficulty, granting to the Customer a concession that the Company would not otherwise consider.
- it becomes probable that a counterparty/Customer may enter bankruptcy or other financial reorganisation;

- there is the disappearance of an active market for a financial asset because of financial difficulties; or

- observable data indicates that there is a measurable decrease in the estimated future cash flows from a Company of financial assets.
- the financial asset is 360 days and above past due.

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

3.6.4.3 Presentation of allowance for ECL

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

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

3.7 Other financial assets:

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

3.8 Trade and other receivables

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

3.9 Equity instruments

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

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

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

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3.10 Borrowing costs

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

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

3.10.1 Loans and borrowings

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

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

3.10.2 Deferred fair value gain on loans

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

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

3.11 Cash and cash equivalents

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

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

3.12 Trade and other payables

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

3.13 Employee benefits

3.13.1 Defined contribution plan

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

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

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

3.13.2 Defined benefit plan

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

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

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

3.13.3 Termination benefit

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

3.13.4 Short term employee benefits

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

3.14 Taxation

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

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

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

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

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

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

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

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

3.15 Provisions

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

3.16 Revenue recognition

3.16.1 Sale of goods

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

3.17 Foreign currencies

Foreign currency transactions

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

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

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

3.18 Segment reporting

An operating segment is a component of an entity:

- a) That engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same entity);
- b) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment, assess its performance; and
- c) For which discrete financial information is available.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Critical accounting estimates and judgement

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

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

a) Defined benefit obligation

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

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

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

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

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

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

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

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

d) Others are:

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

5. Risk management framework

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

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

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

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

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

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

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

5.1 Strategic risks

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

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

5.2 Operational risks

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

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

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

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

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5.3 Financial risks

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

- Credit risks
- Liquidity risks
- Market risks

a) Credit risks

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

Exposure to risk

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

	30-Jun-24	31-Dec-23
	N'000	N'000
Financial assets		
Trade and other receivables	905,098	844,043
Cash and cash equivalents	<u>2,004,675</u>	<u>2,252,834</u>
Ageing of past due receivables:		
0 - 90 days	186,160	159,975
91 - 180 days	133,076	130,590
181 - 270 days	18,269	29,773
271 - 365 days	35,153	26,583
Over 365 days	<u>12,304</u>	<u>20,586</u>
Total	<u><u>384,963</u></u>	<u><u>367,507</u></u>

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

b) Liquidity risks

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

The Company employs policies and procedures to mitigate it's exposure to liquidity risk.

c) Market risks

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

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d) Currency risk

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

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

6. Capital management

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

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

Approach to capital management

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

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

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

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

The debt-to-capital ratios at 30 June 2024 and its comparative year were as follows:

	30-Jun-24	31-Dec-23
	N'000	N'000
Total liabilities	<u>7,896,716</u>	<u>7,465,756</u>
Total liabilities and equity	<u>9,564,281</u>	<u>8,935,095</u>
Debt-to-capital ratio	<u><u>0.83</u></u>	<u><u>0.84</u></u>

The decrease in the debt-to-capital ratio during 2023 resulted primarily from the decrease in the entity's borrowings.

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

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

7. Financial instruments and fair values

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

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	30-Jun-24	31-Dec-23
	N'000	N'000

8. Segment information

8.1 Operating segments

The Company has two reportable business segments, summarised as follows:

Pharmaceuticals product group:

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

Animal health product group:

This include the marketing and sales of poultry and large animal range of anthelmintic as well as production enhancing medicaments.

Pharmaceuticals	1,590,673	2,066,755
Animal Health	<u>65,985</u>	<u>142,836</u>
	<u><u>1,656,658</u></u>	<u><u>2,209,591</u></u>

8.2 Geographical segment

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

Nigeria	1,656,658	2,209,591
Ghana	<u>-</u>	<u>-</u>
	<u><u>1,656,658</u></u>	<u><u>2,209,591</u></u>

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

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

	30-Jun-24	30-Jun-23
	N'000	N'000
9. Cost of sales		
Raw material		
Opening stock at 1 January	1,080,915	781,154
Add purchases	<u>868,266</u>	<u>719,301</u>
	1,949,181	1,500,455
Less: Closing stock at 30 June	<u>(1,457,532)</u>	<u>(764,193)</u>
Product Cost	<u><u>491,649</u></u>	<u><u>736,262</u></u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

	30-Jun-24	30-Jun-23
Factory overhead expenses		
Production salaries and wages	118,466	125,694
Power and fuel	79,162	64,131
Factory other expenses	34,057	63,472
Depreciation: - Plant and machinery	41,178	38,627
- Building	3,967	3,967
Obsolete, excess inventory recovery	-	-
Inventory written down	-	-
(Increase)/decrease in finished goods	107,670	(414,709)
(Increase)/decrease in work in progress	(151,749)	38,982
(Increase)/decrease in spares parts	(1,600)	422
	<u>231,151</u>	<u>(79,414)</u>
	<u>722,800</u>	<u>656,848</u>
10. Other income		
Sundry receipts (Note 10.2)	17,293	-
Lease rental income (Note 10.3)	14,400	41,363
Interest Income	51,639	50,051
	<u>83,332</u>	<u>91,415</u>

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

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

	30-Jun-24	30-Jun-23
	N'000	N'000
11. Marketing and distribution expenses		
Employee cost	139,295	132,724
Transport and travelling	33,946	27,644
Advert and promotions	20,933	254,620
Depreciation of motor vehicle (Note 16)	18,470	16,473
Communication and subscription	630	80
Donations	-	632
Printing and stationeries	64	335
Rent and rate	1,740	2,018
Product registration expenses	1,402	7,709
Training and seminar	-	-
Medical expenses	79	-
Energy cost	9,903	4,323
Repairs and maintenance	5,874	5,067
Telephone and postages	1,334	842
Corporate expenses	1,004	1,128
Others	29,197	20
	<u>263,872</u>	<u>453,616</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

	30-Jun-24	30-Jun-23
	N'000	N'000
12. Administration expenses		
Employee costs	124,194	131,281
Impairment allowance for trade and other receivables	17,456	15,666
Corporate expenses	3,089	38,796
Transport and travelling	32,761	34,106
Legal, consultancy and professional fees	12,261	6,000
Energy cost	4,599	4,900
Rent and rate	-	-
Bank charges and commission	4,366	1,362
Insurance	11,348	12,536
Repairs and maintenance	3,436	3,331
Printing and stationeries	1,590	1,779
Training and seminar	-	1,380
Conference and meetings	-	-
Medical expenses	10,735	5,804
Telephone and postages	5,268	6,426
Communication and subscription	7,510	2,665
Depreciation of office and computer equipment	7,224	7,095
Depreciation of Investment Properties	444	
Audit fee	4,000	4,005
Gift and donation expenses	-	255
Security expenses/ Laboratory Expenses	2,210	2,976
Others (Note 12.1)	9,226	10,146
	<u>261,717</u>	<u>290,507</u>
12.1 Others represent public relations expenses and clinical/ laboratory testing expenses.		
13. Foreign exchange loss		
Loss on currency translation	<u>-</u>	<u>(22,824)</u>
14. Finance costs		
Interest expenses	288,030	123,229
Interest on Lease	5,346	
	<u>293,376</u>	<u>123,229</u>
Less accrued interest in the year		
Accrued interest on debenture (Note 22)	-	
Accrued interest (Note 22.1)	-	3,220
	<u>-</u>	<u>3,220</u>
Finance costs paid	<u>293,376</u>	<u>120,009</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

	Note	Financial assets		Financial liabilities	Total carrying amount N'000	Fair value N'000
		Fair value through profit or loss N'000	Amortised cost N'000	Amortised cost N'000		
At 30 June 2024						
Assets						
Trade and other receivables	19	-	905,098	-	905,098	1,265,725
Cash and cash equivalents	21.1	2,004,675	-	-	2,004,675	2,004,675
		<u>2,004,675</u>	<u>905,098</u>	<u>-</u>	<u>2,909,773</u>	<u>3,270,400</u>
Liabilities						
Trade and other payables	24	-	-	3,019,168	3,019,168	3,019,168
Borrowings (Current portion)	22.1	-	-	3,876,518	3,876,518	3,876,518
Finance lease payable	29	-	-	34,589	34,589	34,589
		<u>-</u>	<u>-</u>	<u>6,930,276</u>	<u>6,930,276</u>	<u>6,930,276</u>
At 1 January 2024						
Assets						
Trade and other receivables	19	-	844,043	-	844,043	844,043
Cash and cash equivalents	21.1	2,252,834	-	-	2,252,834	2,252,834
		<u>2,252,834</u>	<u>844,043</u>	<u>-</u>	<u>3,096,877</u>	<u>3,096,877</u>
Liabilities						
Trade and other payables	24	-	-	2,569,677	2,569,677	2,569,677
Borrowings (Current portion)	22.1	-	-	3,883,012	3,883,012	3,883,012
Finance lease payable	29	-	-	40,635	40,635	40,635
		<u>-</u>	<u>-</u>	<u>6,493,324</u>	<u>6,493,324</u>	<u>6,493,324</u>

15.1 Fair valuation methods and assumptions

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

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

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

15.2 Fair value measurements recognised at the reporting date

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

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

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

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

16. Property, plant and equipment

	Land N'000	Building N'000	Machinery and Equipment N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Equipment N'000	Capital Work in Progress N'000	Assets under finance lease N'000	Total N'000
Cost									
At 1 January 2023	85,865	183,627	1,243,133	116,795	482,178	88,319	1,882,873	88,078	4,170,868
Addition in the year	-	-	24,275	10,806	-	5,816	877,361	-	918,258
Reclassification from CWIP	-	-	(205,474)	-	-	-	205,474	-	-
Disposal	-	-	(4,888)	-	(44,220)	(636)	-	-	(49,744)
Adjustment	-	-	-	-	88,078	-	0	(88,078)	-
At 31 December 2023	85,865	183,627	1,057,046	127,601	526,036	93,499	2,965,708	-	5,039,382
Addition in the year	-	61,899	40,726	3,514	-	0	119,030	55,350	280,520
Reclassification from CWIP	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
At 30 June 2023	85,865	245,526	1,097,772	131,115	526,036	93,499	3,084,738	55,350	5,319,902
Accumulated depreciation and impairment losses									
At 1 January 2023	-	22,652	675,657	81,317	354,511	75,629	-	78,639	1,288,405
Charge for the year	-	5,246	70,313	4,490	37,556	7,613	-	9,438	134,656
Disposal	-	-	(4,888)	-	(42,938)	(636)	-	-	(48,462)
Adjustment	-	-	-	-	88,077	-	-	(88,077)	-
At 31 December 2023	-	27,898	741,082	85,807	437,206	82,606	-	-	1,374,599
Charge for the year	-	3,158	34,981	3,834	18,549	3,582	-	2,767	66,871
Disposal	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
At 30 June 2023	-	(31,056)	(776,063)	(89,641)	(455,755)	(86,188)	-	(2,767)	1,441,470
Carrying amount									
At 30 June 2023	85,865	276,582	1,873,835	220,756	981,791	179,687	3,084,738	58,117	3,878,431
At 31 December 2023	85,865	155,729	315,964	41,794	88,830	10,893	2,965,708	-	3,664,784

	30-Jun-24 N'000	31-Dec-23 N'000
Analysis of depreciation charged is as follows:		
Cost of sales (Note 9)	41,178	88,854
Marketing and distribution expenses (Note 11)	18,470	39,968
Administrative expenses (Note 12)	7,224	15,045
	66,871	143,867

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

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

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

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

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

	Property	
	30-Jun-24 N'000	31-Dec-23 N'000
17. Investment properties		
At 30 June	<u>49,427</u>	<u>49,427</u>
Accumulated depreciation		
Opening Balance	16,286	15,417
Charged in the year	<u>444</u>	<u>869</u>
	<u>16,730</u>	<u>16,286</u>
Carrying amount		
At 30 June	<u>32,697</u>	<u>33,141</u>

Investment property represents Neimeth office complex at 1 Henry Carr street, Ikeja. The office complex is currently held for lease rental. On 31 October 2022, the Company received N84,000,000 as rental income for a period of 3 years, commencing 1 December 2022. At 31 December 2022, the company did not recognise any rental income in the statement of profit or loss and other comprehensive income. The value of N28,800,000 was deferred and will be released to the income statement this year and the remaining to subsequent years until fully released. It is management's intention to continue to keep this property as investment property. The Company is currently using the cost model for recognising investment property. However its fair value at 31 December 2023 is **N896,442,265** (2022: N750,000,000.00). The valuation was done by Tope Ojo & Tunde Olonisakin Estate Surveyors & Valuers on 1 December 2023.

	30-Jun-24 N'000	31-Dec-23 N'000
18. Inventories		
Raw materials	1,457,532	1,080,915
Work in progress	191,302	39,553
Finished goods	769,388	877,058
Spare parts	<u>33,793</u>	<u>32,193</u>
	<u>2,452,015</u>	<u>2,029,719</u>
Goods in transit	<u>212,159</u>	<u>35,562</u>
	<u>2,664,174</u>	<u>2,065,281</u>

18.1 Inventories to the value of N2.664 billion (2023 : N2.065 billion) were carried at net realisable value. No inventories are pledged as security for liabilities.

19. Trade and other receivables

Trade receivables	1,238,514	1,125,228
Other receivables (Note19.1)	<u>51,547</u>	<u>86,322</u>
	<u>1,290,061</u>	<u>1,211,550</u>
Impairments allowance (Note 19.2)	<u>(384,963)</u>	<u>(367,507)</u>
	<u>905,098</u>	<u>844,043</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

	30-Jun-24	31-Dec-23
	N'000	N'000
19.1 Other receivables		
Staff Advances	27,211	46,975
Other Receivables (19.1.2)	25,215	
Debit balance in trade payables (Note 19.1.1)	-	40,226
Impairment on other receivables	<u>(879)</u>	<u>(879)</u>
	<u>51,547</u>	<u>86,322</u>

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

19.2 Impairments allowance on trade receivable

At 1 January	367,507	817,345
Additional charge during the year (Note 12)	17,456	261,043
Provision no longer required	<u>-</u>	<u>(710,881)</u>
At 30 June	<u>384,963</u>	<u>367,507</u>

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

	30-Jun-24	31-Dec-23
	N'000	N'000
20. Other assets		
Prepayments	39,603	40,596
Withholding tax receivable	10,649	5,463
Advance payment to suppliers	15,335	15,335
Replaceable stocks (Note 20.1.)	<u>13,619</u>	<u>13,619</u>
	<u>79,206</u>	<u>75,013</u>

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

	30-Jun-24	31-Dec-23
	N'000	N'000
21. Cash and cash equivalents		
21.1 Cash and cash equivalents as per statement of financial position		
Cash in hand	52	23
Cash in banks	95,105	
Short-term Investment (Note 21.1.1)	1,909,518	2,252,811
	<u>2,004,623</u>	<u>2,252,834</u>
	<u>2,004,675</u>	<u>2,252,834</u>
21.1.1 Short-Term Investment		
This represents the Right Issue Proceed which was reinvested at a commercial interest rate.		
	30-Jun-24	31-Dec-23
	N'000	N'000
21.2 Cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents		
Cash and bank balances (Note 21.1)	2,004,675	2,252,834
Bank overdrafts (Note 22.4)	-	-
	<u>2,004,675</u>	<u>2,252,834</u>
	<u>2,004,675</u>	<u>2,252,834</u>
22. Borrowings		
Term loans		
At 1 January	4,604,176	4,203,856
Addition in the year	-	-
Accrued interest on debenture	-	-
Reclassification of Overdraft	-	(176,348)
Repayment during the year	-	(214,583)
Exchange loss	-	791,251
	<u>4,604,176</u>	<u>4,604,176</u>
Other loan (Note 22.3)	76,227	76,227
	<u>4,680,403</u>	<u>4,680,403</u>
At 30 June	4,680,403	4,680,403
Analysis by maturity:		
22.1 Current		
Bank of Industries (Note 22.2.3)	322,917	322,917
CBN Intervention Fund (Note 22.2.2)	1,147,342	1,147,342
Providus Bank Plc	700,000	700,000
Daewoo Securities (Europe) Limited (Note 22.2.1)	1,706,259	1,706,259
Accrued interest on other loan (Note 22.3)	-	6,494
	<u>3,876,518</u>	<u>3,883,012</u>
Non-current:		
Bank of Industries (Note 22.2.3)	107,904	107,904
CBN Intervention Fund (Note 22.2.2)	110,541	110,541
	<u>218,445</u>	<u>218,445</u>
Other loan (Note 22.3)	76,227	69,733
	<u>294,672</u>	<u>288,178</u>
Deferred fair value gain on loan (Note 23)	509,213	509,213
	<u>4,680,403</u>	<u>4,680,403</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

22.2 Analysis of Term loans

Daewoo Securities (Europe) Limited (Note 22.2.1)	1,706,259	1,706,259
Bank of Industries (Note 22.2.3)	430,821	433,458
CBN Intervention Fund (Note 22.2.2)	1,257,883	1,255,246
Providus Bank Plc	700,000	700,000
IFRS Interest (Amortisation difference)	509,213	509,213
	4,604,176	4,604,176
Other loan (Note 22.3)	76,227	76,228
	4,680,403	4,680,403

22.2.1 Daewoo Securities (Europe) Limited

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

The outstanding balance of JPY 268,803,839 (comprising principal of JPY 140million, interest JPY 128.8 million) has not been translated in this period. BDO professional Services have promised to advise on appropriate treatment due to technicalities around the contract.

22.2.2 CBN Intervention Fund

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

22.2.3 Bank of Industries (BOI)

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

	30-Jun-24	31-Dec-23
	N'000	N'000
22.3 Other loan		
At 1 January	76,227	69,733
Accrued Interest	-	6,494
Repayment in the year	-	-
At 30 June	76,227	76,227

Other loan represents the amount received from Directors and their Companies as indicated in Note 22.3.1 below.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

22.3.1 Related Party Transaction			30-Jun-24	31-Dec-23
Related Party	Relationship	Nature of Transaction	Amount N'000	Amount N'000
1. Alpha Pharmacy & Stores Ltd	Sir. I. T. Onyechi - Director in Alpha Pharmacy Stores	Loan	928	928
2. Dr. A. B. C. Orjiako	Director	Loan	1,425	1,425
3. Mr Emmanuel Ekunno	Former Director	Loan	1,329	1,190
4. Fall River Production Ltd	Mr. T. T. Osobu - Director in Fall River Prod. Ltd	Loan	249	249
5. Engr. Godwin E. Omene	Director	Loan	2,647	2,369
6. Bio Resources Institute of Nigeria	Prof. M. M. Iwu - Director in Bio Resources Inst.	Loan	69,649	63,573
			76,227	69,733

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

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

In addition, a N100,000,000.00 Bond and guarantee Line that was obtained from Fidelity Bank Plc on 13 March, 2019 for issuance of guarantee when required for contracts of supplies to employers at Tenor of 365 days was liquidated in 2021n and was not renewed. The security are as follows:

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

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

	30-Jun-24	31-Dec-23
	N'000	N'000
23. Deferred fair value gain on loan		
Deferred fair value gain	<u>509,213</u>	<u>509,213</u>
Analysis of deferred fair value gain on loan into:		
23.1 Current portion	<u>406,708</u>	<u>406,708</u>
23.2 Non current portion	<u>102,505</u>	<u>102,505</u>

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

	30-Jun-24	31-Dec-23
	N'000	N'000
24. Trade and other payables		
Trade payables	147,133	117,503
Other accruals (Note 24.1)	2,453,240	2,079,122
Statutory deductions (WHT payable)	64,516	63,007
Royalties	53,098	54,845
Dividend payable	59,017	59,017
Other payables	198,337	133,173
Define contribution plan (Note 24.2)	31,383	49,650
Defined benefit obligation (Note 24.3)	12,445	13,360
	<u>3,019,169</u>	<u>2,569,677</u>

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

	30-Jun-24 N'000	31-Dec-23 N'000
24.1 Other accruals		
Unclaimed wages	29,728	17,708
Directors payable	9,928	7,138
Accrued electricity	37,534	10,534
Accrued audit fees	5,455	2,169
Import finance obligation	1,541,014	1,536,447
Property clearing	40,730	55,130
Others (Note 24.1.1)	788,851	449,996
	2,453,240	2,079,122
24.1.1 This represent Sundry Accruals.		
24.2. Defined contribution plan		
At 1 January	49,650	18,232
Provision for the year	55,013	109,997
Payment during the year	(73,280)	(78,579)
At 30 June	31,383	49,650
24.3 Define benefit obligation		
At 1 January	13,360	15,690
Payment	(915)	(2,330)
At 30 June	12,445	13,360

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

25. Maturity profile of financial liabilities

	Due within			Total N'000
	Below one year N'000	One - five years N'000	Five years and above N'000	
2024				
Loans and borrowings	3,876,518	294,672	-	4,171,190
Trade and other payables	3,019,168	-	-	3,019,168
Finance lease obligation	34,589	-	-	34,589
	6,930,276	294,672	-	7,224,948
2023				
Loans and borrowings	3,883,012	288,178	-	4,171,190
Trade and other payables	2,569,677	-	-	2,569,677
Finance lease obligation	40,635	-	-	40,635
	6,493,324	288,178	-	6,781,502

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

	30-Jun-24	31-Dec-23
	N'000	N'000
26. Current tax liability		
At 1 January	68,815	86,769
Payment in the year	(12,486)	(125,835)
Charge for the year (Note 28)	-	11,886
Over/Under provision in prior year(s)	-	95,995
At 30 June	56,329	68,815

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

27. Deferred tax liability		
At 1 January	106,226	106,226
Charge/(write back) in the year	-	-
At 30 June	106,226	106,226

27.1 Deferred tax assets and liabilities

Reconciliation of deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	30-Jun-24	31-Dec-23	30-Jun-24	31-Dec-23	30-Jun-24	31-Dec-23
	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipme	(17,709)	(17,709)	123,963	123,963	141,672	141,672
Exchange loss	(28)	(28)	-	-	(28)	(28)
Provisions/unrecouped loss/capital allowance	-	-	-	-	-	-
Tax liability carried forward	(17,737)	(17,737)	123,963	123,963	106,226	106,226
Tax liability brought forward	-	-	-	-	106,226	93,046
Movement in deferred tax (asset)/liability	(17,737)	(17,737)	123,963	123,963	-	13,180

	30-Jun-24	31-Dec-23
	N'000	N'000
28. Current tax		
Income	-	11,886
Education tax	-	5,951
Police levy	-	-
Over provision in prior year	-	90,044
	-	107,881
Deferred taxation charged/(write back) (Note 27)	-	-
As per statement of profit or loss and other comprehensive income	-	107,881

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

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

	30-Jun-24	31-Dec-23
	N'000	N'000
28.1 Reconciliation of effective tax rate		
The tax expense for the year is reconciled to the profit/(loss) for the year as follows:		
Profit before tax	198,226	(2,757,455)
Tax thereon @ 30%	59,468	(827,237)
Deductible items	13,524	(194,075)
Non-Deductible Items	-	530,966
Unrelieved loss brought forward	-	-
Balancing charge	675	675
Capital allowance	-	-
Education tax	-	-
Deferred tax effect charged/(write back)	-	-
Tax expense for the year	73,667	(151,458)
Profit after tax	124,559	(2,605,997)
	%	%
28.2 The tax rate is reconciled to the effective tax rate as follows:		
Tax rate	30	30
Deductible items	7	(12)
Balancing charge	-	-
Unrelieved Loss brought forward	-	-
Capital allowance	-	100
Education tax	-	-
Deferred tax effect	-	-
Total effective tax rate	37	118
29. Finance lease obligation		
At 1 January	-	-
Addition	40,635	-
Repayment in the year	(6,046)	-
At 30 June	34,589	-
Analysed into:		
Current portion	13,580	-
Non-current portion	21,010	-
	34,589	-

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

	30-Jun-24 N'000	31-Dec-23 N'000
30. Ordinary shares		
30.1 Authorised:		
2,000,000,000 ordinary shares of 50k each	<u>1,000,000</u>	<u>1,000,000</u>
30.2 Issued and fully paid:		
At 1 January	2,136,552	949,579
Right Issue raised	-	1,186,973
At 30 June	<u>2,136,552</u>	<u>2,136,552</u>

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

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

	30-Jun-24 N'000	31-Dec-23 N'000
30.3 Share premium		
At 1 January	2,377,756	8,821
Premium on right issue raised (Note 30.4)	-	2,523,498
Capital restructuring expenses (Note 30.5)	-	(154,563)
At 30 June	<u>2,377,756</u>	<u>2,377,756</u>

30.4 The Right Issue proceeds were realised in January 2023. Consequently, ordinary share capital will increase by the total proceeds on the right issue in 2023 Financial Year.

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

	30-Jun-24 N'000	31-Dec-23 N'000
31. Retained Earnings/(Loss)		
At 1 January	(3,044,968)	(179,632)
Profit/(Loss) for the year	198,226	(2,865,336)
Dividend	-	-
Prior year(s) Profit adjustment	-	-
Transfer from share premium (Note30.3)	-	-
At 30 June	<u>(2,846,742)</u>	<u>(3,044,968)</u>

32 Basic (Loss)/Earnings Per Share

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

Profit after taxation		<u>198,226</u>	<u>(452,556)</u>
Number of shares		<u>4,273,104</u>	<u>4,273,104</u>
Earnings per share (kobo)		<u>5</u>	<u>(10.59)</u>

33. Information regarding Directors and Employees

33.1 Directors' emoluments

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

Fees:

- Chairman	500	500
- Other Directors	2,800	3,300
- Sitting allowance	1,600	1,600
Emolument of executive directors	<u>62,740</u>	<u>62,740</u>
	<u>67,640</u>	<u>68,140</u>

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

Chairman	<u>500</u>	<u>500</u>
Highest paid director	<u>28,820</u>	<u>28,820</u>

30-Jun-24

Number

31-Dec-23

Number

33.3 Scale of Directors' remuneration

The number of Directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses in the following range were:

N	N		
Below	- 10,000,000	-	-
10,000,001	- 12,500,000	3	3
Above	12,500,001	-	-
		<u>3</u>	<u>3</u>

The number of Directors who received emoluments

The number of Directors who did not receive emoluments

N'000

N'000

33.4 Personnel compensation

Personnel compensation comprised:

Short-term employee benefits	365,960	300,870
Contribution to compulsory pension fund scheme	<u>15,995</u>	<u>30,196</u>
	<u>381,955</u>	<u>331,066</u>

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

Analysis by function:

Production	118,466	116,794
Marketing and distribution	139,295	116,129
Administration	<u>124,194</u>	<u>98,143</u>
	<u><u>381,955</u></u>	<u><u>331,066</u></u>

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

	Number	Number
Management	12	41
Senior staff	150	77
Junior staff	<u>40</u>	<u>48</u>
	<u><u>202</u></u>	<u><u>166</u></u>

33.6 Scale of employees' remuneration

	N	N		
Below	-	250,000	-	-
250,001	-	500,000	-	-
500,001	-	750,000	-	49
750,001	-	1,000,000	50	43
1,000,001	-	1,250,000	45	25
1,250,001	-	1,500,000	27	9
Above		1,500,001	<u>80</u>	<u>40</u>
			<u><u>202</u></u>	<u><u>166</u></u>

34. Financial commitments

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

35. Capital commitments

The Directors are of the opinion that there were no capital commitments at 31 December 2022 (2021 - Nil).

36. Contingent liabilities

The Company is subject to various pending litigations arising in the normal course of business. The contingent liabilities in respect of pending litigations based on the response received from the company's solicitors was N53,634,102 as at 30 June 2024 (2021: N153,638,102). In the opinion of the Directors and based on the response obtained from the legal adviser, the company is of the opinion that no payment will be made in respect of pending litigations.

37. Events after reporting date

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

38. Comparative figures

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

39. SECURITY TRADING POLICY AND DEALING IN SHARES

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

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

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

Other National Disclosures

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

STATEMENT OF VALUE ADDED FOR THE PERIOD ENDED 30 JUNE 2024

	2024 N'000	%	2023 N'000	%
Turnover	1,656,658		957,404	
Other income	<u>83,332</u>		<u>91,416</u>	
	1,739,990		1,048,820	
Cost of goods and services - local	(799,562)		(696,026)	
Cost of goods and services - foreign	<u>-</u>		<u>(241,856)</u>	
Value added	<u>940,428</u>	<u>100</u>	<u>110,938</u>	<u>100</u>
Applied as follows:				
To pay employees:				
Salaries wages and other staff costs	381,955	40	389,699	351
To providers of capital:				
Finance costs	293,376	31	123,229	111
To pay Government:				
Company income tax	-	-	-	-
To provide for assets replacement:				
Depreciation of property, plant and equipment	66,871	7	50,568	46
Retained for future expansion:				
- Deferred taxation	-	-	-	-
- Profit on ordinary activities	<u>198,226</u>	<u>21</u>	<u>(452,558)</u>	<u>(408)</u>
Value added	<u>940,428</u>	<u>100</u>	<u>110,938</u>	<u>100</u>

Value added represents the additional wealth, the company has been able to create by its own and it's employees' efforts. This statement shows the allocation of wealth among employees, providers of capital government and that retained for future creation of more wealth.

NEIMETH INTERNATIONAL PHARMACEUTICALS PLC

FINANCIAL SUMMARY

30-Jun	30-Jun-24 N'000	31-Dec-23 N'000	31-Dec-22 N'000	30-Sep-21 N'000	30-Sep-20 N'000
Statement of Financial Position					
Property, plant and equipment	3,878,431	3,664,784	2,855,148	1,411,998	1,175,242
Intangible assets	-	-	-	-	-
Investment property	32,697	33,141	34,010	35,096	35,965
Net current assets	(1,740,159)	(1,731,676)	(7,525)	2,708,100	2,976,809
Non current liabilities	(503,403)	(496,909)	(2,102,865)	(2,741,127)	(2,913,355)
Net assets	1,667,566	1,469,340	778,768	1,414,067	1,274,661
Equity and reserves					
Ordinary shares	2,136,552	2,136,552	949,579	949,579	949,579
Share premium reserve	2,377,756	2,377,756	8,821	104,880	112,606
Retained earnings/ accumulated loss	(2,846,742)	(3,044,968)	(179,632)	359,608	212,476
Total equity and reserves	1,667,566	1,469,340	778,768	1,414,067	1,274,661
	6 Months to	6 Months to	6 Months to	6 Months to	6 Months to
Statement of comprehensive income	30-Jun-24	30-Jun-23	30-Jun-22	30-Jun-21	30-Jun-20
Turnover	1,656,658	957,404	1,634,751	1,596,734	1,399,562
Profit/(loss) before tax	198,226	(452,556)	175,463	263,630	154,976
Taxation	-	-	-	-	-
Profit/(loss) for the year	198,226	(452,556)	175,463	263,630	154,976
Other comprehensive income/ (loss) for the year	-	-	-	-	-
Total comprehensive income/ (loss) for the year	198,226	(452,556)	175,463	263,630	154,976
Per share data:					
Earnings/(loss) per share (kobo) - Basic	5	(11)	9	14	8
Net assets per ordinary share (kobo)	39.02	34.39	41	55	59

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

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