Deloitte.

do more
feel better
live longer

GLAXOSMITHKLINE CONSUMER NIGERIA PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Table of Contents

Statement of Directors' responsibilities

The Directors of GlaxoSmithKline Consumer Nigeria Plc are responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and Company as at 31 December 2016, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, No 6, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

Going concern:
The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2016 were approved by the directors on 17 March 2017.

On behalf of the Directors of the Group.

Mr. Edmund C. Onuzo	**Mr. Dayanand Thandalam Sriram**
Chairman	**Group Managing Director**
FRC/2015/IODN/00000011038	**FRC/2014/IODN/00000010391**
17 March 2017	**17 March 2017**

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Akintola Williams Deloitte
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Tel: +234 (1) 904 1700
www.deloitte.com.ng

Independent Auditors' report

To the Shareholders of GlaxoSmithKline Consumer Nigeria Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of **GlaxoSmithKline Consumer Nigeria Plc** ("the Company") and its subsidiary (together referred to as "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity, cash flows for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **GlaxoSmithKline Consumer Nigeria Plc** as at 31 December 2016 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the separate financial statements.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Sale of the Drinks business	
Following the approval of the shareholders on 4 July 2016, the company finalised the sale of its Drinks business to Suntory Beverage & Food Nigeria Limited (SBF) on 30 September 2016. The Company sold the manufacturing, bottling, marketing, distribution and selling activities of its Lucozade and Ribena brands to SBF and all the assets relating to the Drinks business were transferred to SBF at their carrying amount as on that date in exchange for a purchase consideration as agreed by both parties. This transaction is significant to the company as it reduces its operations by more than 60%. Hence the transaction is considered a key audit matter. The company has shown the details of the transaction in note 10 to the financial statements.	We reviewed the Agreement duly executed by both parties to evaluate and determine appropriate treatment of the transaction in line with applicable International Financial Reporting Standards (IFRS). Our substantive procedures focused on the treatment of the transaction in accordance with IFRS and confirming that the provisions of the Agreement as executed was enforced. We reviewed all the assets as at 30 September 2016 and confirmed that all assets relating to the Drinks business have been transferred in line with the Agreement and derecognised accordingly from the records. In line with IFRS 5 "Non-current assets held for sale and discontinued operation", we noted that the transaction meets the requirement of a discontinued operation. We reviewed the disclosure of the discontinued operation in line with IFRS and confirmed that necessary disclosures have been made by the Company. Based on the above tests, we conclude that appropriate accounting treatment and disclosures have been made on this transaction in the financial statements.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Recoverability of deferred tax	
The determination of whether to recognise deferred tax asset is dependent on the directors' assessment of the utilisation of the unused tax losses and the timing of realising temporary differences, which requires significant judgement. The directors have therefore made the judgement that there will be available future taxable profit against which the unused tax losses can be utilised. As a result of this judgement, it is considered a key audit matter due to the assumptions involved in making such judgement. Deferred tax asset is disclosed in note 13.4 to the financial statements.	We involved our tax specialists to evaluate the accuracy of the deferred tax asset. Our substantive procedures focused on evaluating the directors' assumptions of available future taxable profits against which the deferred tax asset is recouped. We reviewed the recoverability of deferred tax asset by inspecting the projected cash flows/forecast and the assumptions made in arriving at the basis for recognising the deferred tax asset in line with IAS 12: Income taxes. We challenged the assumptions made in determining the future profits and compared with observable data applicable in the industry and past performances. We assessed the presentation and disclosures in respect of deferred tax asset. We concur with the directors' assumptions that the deferred tax asset appears recoverable and therefore appropriately recognised and disclosed.

Deloitte.

Other Information
The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditor's report which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our report thereon.

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

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

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004; we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Abraham

Abraham Udenani, FCA
FRC/2013/ICAN/00000000853
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
23 March, 2017

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0130223

GlaxoSmithKline Consumer Nigeria PLC
1 Industrial Avenue, Ilupeju
RC 8726
PMB 21218
Ikeja, Lagos
Tel: +234 (01) 2711000, (01) 3242900
www.gsk.com/ng

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF GLAXOSMITHKLINE CONSUMER NIGERIA PLC

In accordance with Section 359(6) of the Companies and Allied Matters (Cap C20) Laws of the Federation of Nigeria 2004 we confirm that we have examined the Auditors' Report for the year ended 31st December 2016.

In our opinion, the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

We have reviewed the scope and planning of the audit and the External Auditors' Management Letter for the year under review as well as Management responses thereon.

We are satisfied with the responses to our questions and the state of affairs at GlaxoSmithKline Consumer Nigeria plc.

Mr. K.A. Taiwo FCA
Chairman, Audit Committee
FRC/2013/1CAN/00000002890
Lagos, Nigeria

Consolidated and separate statement of profit or loss and other comprehensive income

		GROUP		COMPANY	
Continuing operations	Notes	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Revenue	5	14,384,785	15,391,585	14,384,785	15,391,585
Cost of sales	6(C)	(5,418,374)	(9,965,813)	(5,418,374)	(9,965,813)
Gross profit		8,966,411	5,425,772	8,966,411	5,425,772
Investment income	7	171,556	17,033	171,556	6,136
Other gains and losses	8	(5,999,708)	(406,770)	(5,999,708)	(406,770)
Selling and distribution costs	6(B)	(2,255,043)	(2,630,290)	(2,255,043)	(2,630,290)
Administrative expenses	6(B)	(1,182,078)	(1,319,466)	(1,182,078)	(1,317,290)
Royalty fee recovery/(expense)	6(A)	484,861	(19,638)	484,861	(19,638)
Finance costs	12	(108)	(1,040)	(108)	(1,040)
Profit before tax	9	185,891	1,065,601	185,891	1,056,880
Income tax credit/(expense)	13.1	2,192,254	(192,467)	2,192,254	(192,467)
Profit after tax for the year from continuing operations		2,378,145	873,134	2,378,145	864,413
Discontinued operations					
(Loss)/profit for the year from discontinued operations	10	(1,406,387)	91,913	(1,406,387)	91,913
Profit after tax from the disposal of drinks business	10.2	3,229,339	-	3,229,339	-
Total profit after tax for the year		**4,201,097**	**965,047**	**4,201,097**	**956,326**
Other comprehensive income net of income tax					
Items that will not be reclassified to profit or loss:					
Remeasurement loss on post employment benefit obligations	23	11,504	(15,073)	11,504	(15,073)
Income tax effect	13.2	(3,451)	4,522	(3,451)	4,522
Other comprehensive income for the year, net of tax		**8,053**	**(10,551)**	**8,053**	**(10,551)**
Total comprehensive income for the year, net of tax		**4,209,150**	**954,496**	**4,209,150**	**945,775**
Profit for the year attributable to:					
Shareholders of the Company		4,201,097	965,047	4,201,097	956,326
Non-controlling interest		-	-	-	-
		4,201,097	965,047	4,201,097	956,326
Total comprehensive income for the year attributable to:					
Shareholders of the Company		4,209,150	954,496	4,209,150	945,775
Non-controlling interest		-	-	-	-
		4,209,150	954,496	4,209,150	945,775
Basic and diluted earnings per share (Kobo)					
From continuing operations	14	199	86	199	85
From continuing and discontinuing operations	14	351	95	351	94

The accompanying notes on pages 10 to 55 and other national disclosures on pages 56 to 58 form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of financial position
As at 31 December 2016

	Notes	GROUP 2016 N'000	GROUP 2015 N'000	COMPANY 2016 N'000	COMPANY 2015 N'000
Assets					
Non-current assets					
Property, plant and equipment	15	2,112,922	13,751,342	2,112,922	13,751,342
Investment in subsidiary	16	-	-	160	160
Deferred tax asset	13.4	637,836	-	637,836	-
Other assets	19	10,973	122,900	10,973	122,900
		2,761,731	13,874,242	2,761,891	13,874,402
Current assets					
Inventories	17	4,440,834	7,418,238	4,440,834	7,418,238
Trade and other receivables	18	5,374,710	6,236,265	5,374,710	6,236,265
Other assets	19	396,531	162,645	396,531	162,645
Cash and bank balances	20	15,215,273	3,638,323	15,007,263	3,430,314
		25,427,348	17,455,471	25,219,338	17,247,462
Total assets		**28,189,079**	**31,329,713**	**27,981,229**	**31,121,864**
Equity and liabilities					
Equity					
Issued share capital	21.1	597,939	597,939	597,939	597,939
Share premium	21.2	51,395	51,395	51,395	51,395
Retained earnings		16,395,081	12,535,880	16,204,344	12,345,143
Total equity		17,044,415	13,185,214	16,853,678	12,994,477
Non-current liabilities					
Retirement benefits obligations	23	302	169,245	302	169,245
Deferred tax liability	13.4	-	1,839,343	-	1,839,343
Total non-current liabilities		302	2,008,588	302	2,008,588
Current liabilities					
Trade and other payables	24	9,177,856	15,725,770	9,175,048	15,722,963
Income tax payable	13.3	1,966,506	410,141	1,952,201	395,836
Total current liabilities		11,144,362	16,135,911	11,127,249	16,118,799
Total liabilities		11,144,664	18,144,499	11,127,551	18,127,387
Total equity and liabilities		**28,189,079**	**31,329,713**	**27,981,229**	**31,121,864**

The consolidated and separate financial statements on pages 10 to 44 were approved and authorised for issue by the Board of Directors on 17 March 2017 and signed on its behalf by:

Mr. Edmund C. Onuzo	**Mr. Dayanand Thandalam Sriram**	**Mr. Nelson A. Sanni FCA**
Chairman	**Managing Director**	**Head, Corporate Reporting**
FRC/2015/IODN/00000011038	**FRC/2014/IODN/00000010391**	**FRC/2013/ICAN/00000004921**

The accompanying notes on pages 10 to 55 and other national disclosures on pages 56 to 58 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate statement of changes in equity

Group	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2015	478,351	51,395	12,418,498	12,948,244
Profit for the year	-	-	965,047	965,047
Other comprehensive income	-	-	(10,551)	(10,551)
Total comprehensive income	-	-	954,496	954,496
Bonus issued	119,588	-	(119,588)	-
Payment of dividends	-	-	(717,526)	(717,526)
At 31 December 2015	597,939	51,395	12,535,880	13,185,214
Profit for the year	-	-	4,201,097	4,201,097
Other comprehensive income	-	-	8,053	8,053
Total comprehensive income	-	-	4,209,150	4,209,150
Unclaimed dividend declared status barred	-	-	8,812	8,812
Payment of dividends	-	-	(358,761)	(358,761)
At 31 December 2016	**597,939**	**51,395**	**16,395,081**	**17,044,415**

Company	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2015	478,351	51,395	12,236,482	12,766,228
Profit for the year	-	-	956,326	956,326
Other comprehensive income	-	-	(10,551)	(10,551)
Total comprehensive income	-	-	945,775	945,775
	119,588	-	(119,588)	-
Payment of dividends	-	-	(717,526)	(717,526)
At 31 December 2015	597,939	51,395	12,345,143	12,994,477
Profit for the year	-	-	4,201,097	4,201,097
Other comprehensive income	-	-	8,053	8,053
Total comprehensive income	-	-	4,209,150	4,209,150
Unclaimed dividend declared status barred	-	-	8,812	8,812
Payment of dividends	-	-	(358,761)	(358,761)
At 31 December 2016	**597,939**	**51,395**	**16,204,344**	**16,853,678**

Consolidated and separate statement of cash flows

	Notes	GROUP 2016 N'000	GROUP 2015 N'000	COMPANY 2016 N'000	COMPANY 2015 N'000
Cash flows from operating activities					
Profit for the year		4,201,097	965,047	4,201,097	956,326
Adjustment for:					
Income tax expense recognised in profit or loss		(518,766)	187,945	(518,766)	187,945
Depreciation of property, plant and equipment	15	705,225	1,441,133	705,225	1,441,133
(Loss)/gain on disposal of property, plant and equipment	8	(12,791)	1,789	(12,791)	1,789
Interest on term deposits	7	(181,051)	(23,006)	(181,051)	(23,006)
Exchange loss		-	395,789	-	395,789
Unrealised exchange loss/(gain) on operating activity	8	2,484,225	(20,645)	2,484,225	(20,645)
Finance costs recognised in profit or loss	12	307	3,703	307	3,703
Net charge on defined benefit obligations	23	168,943	23,197	168,943	23,197
Impairment of property, plant and equipment		-	131,646	-	131,646
Impairment of trade receivables		341,033	352,091	341,033	352,091
Working capital adjustments:					
Decrease in inventories		2,977,404	171,311	2,977,404	171,311
Decrease/(increase) in trade receivables		520,522	(1,611,114)	520,522	(1,611,114)
(Increase)/decrease in other assets		(121,959)	24,626	(121,959)	22,443
(Decrease)/increase in trade and other payables		(9,017,381)	3,859,028	(9,017,382)	3,859,025
		1,546,808	5,902,540	1,546,807	5,891,633
Defined benefit obligation paid		(133,948)	-	(133,948)	-
Income tax paid	13	(402,048)	(960,190)	(402,048)	(955,484)
Net cash generated by operating activities		1,010,812	4,942,350	1,010,811	4,936,149
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		12,095,087	15,159	12,095,087	15,159
Interest received	7	181,051	23,006	181,051	23,006
Purchase of property, plant and equipment	15	(1,149,101)	(1,921,686)	(1,149,101)	(1,921,686)
Net cash flows generated by/(used in) investing activities		11,127,037	(1,883,521)	11,127,037	(1,883,521)
Cash flows from financing activities					
Special dividend paid to shareholders of the Company		(355,907)	-	(355,907)	-
Interest paid	12	(307)	(3,703)	(307)	(3,703)
Dividends paid to shareholders of the Company		(192,223)	(717,526)	(192,223)	(717,526)
Net cash flows used in financing activities		(548,437)	(721,229)	(548,437)	(721,229)
Net increase in cash and cash equivalents		11,589,412	2,337,600	11,589,411	2,331,399
Cash and cash equivalents at 1 January		3,638,323	1,696,512	3,430,314	1,494,704
Exchange loss on cash and cash equivalents		(12,462)	(395,789)	(12,462)	(395,789)
Cash and cash equivalents at 31 December	20	**15,215,273**	**3,638,323**	**15,007,263**	**3,430,314**

The accompanying notes on pages 10 to 55 and other national disclosures on pages 56 to 58 form an integral part of these consolidated and separate financial statements.

Notes to the consolidated and separate financial statements

1 Corporate information

The Company is a public limited liability company incorporated in 1971 and domiciled in Nigeria where its shares are publicly traded. 46.4% of the shares of the Company are held by Setfirst Limited and Smithkline Beecham Limited (both incorporated in the United Kingdom); and 53.6% by Nigerian shareholders. The ultimate parent and ultimate controlling party is GlaxoSmithKline Plc, United Kingdom (GSK Plc UK). GSK Plc UK controls the Company through Setfirst Limited and Smithkline Beecham Limited.

The registered office of the Company is located at 1 Industrial Avenue, Ilupeju, Lagos."

The principal activities of the company are manufacturing, marketing and distribution of consumer healthcare and pharmaceutical products.

The consolidated financial statements of the Group for the year ended 31 December 2016 comprise the result and the financial position of GlaxoSmithkline Consumer Nigeria Plc (the Company) and its wholly owned subsidiary- Winster Pharmaceuticals Limited which has no turnover for the current year following the sale of its only product to a third party on 30 April 2012.

The separate financial statements of the Company for the year ended 31 December 2016 comprise those of the Company only.

These consolidated and separate financial statements for the year ended 31 December 2016 have been approved for issue by the directors on 17 March, 2017.

Notes to the consolidated and separate financial statements

2 Application of new and revised International Financial Reporting Standard (IFRS)

The following standards issued by the International Accounting Standards Board (IASB) have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016

2.1 Amendments to IFRs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on of after 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The Group has applied these amendments for the first time in the current year. The amendments clarify that the exemption from preparing consolidated and separate financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiary at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The application of these amendments has had no impact on the Group's consolidated and separate financial statements as the Group is not an investment entity.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in joint Operations

The Group has applied these amendments for the first time in the current year. The amendments provide guidance on how to account for acquisition of a joint operation that constitutes a business as defined in IFRS3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations. Specifically, the amendment state that relevant principles on accounting for business combinations in IFRS 3 and other standard should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standard for business combinations.

The application of these amendments has had no impact on the Group, as the Group did not have any such transactions in the current year.

Amendments to IAS 1 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on that bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterated than an entity should consider providing additional disclosure when compliance with the specific requirement in IFRS is insufficient to enable users of financial statements to understand the impact of particular transaction, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separated from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss: and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.
As regards the structure of the financial statements, the amendments provide examples of the systematic ordering of grouping of the notes.
The application of these amendments has not resulted in any impact on the financial performance & financial position of the Group.

Notes to the consolidated and separate financial statements

2.1 Amendments to IFRs that are mandatorily effective for the current year (cont'd)

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation & Amortisation

The Group has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibits entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriated basis for amortisation of an intangible asset. The presumption can only be rebuttable in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue: or
b) when it can be demonstrated that revenue and consumption of the economic benefit of the intangible asset are highly correlated.

As the Group already uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated and separate financial statements.

Amendment to IAS 16 and IAS 41 Agriculture: Bearer Plants

The Group has applied these amendments for the first time in the current year. The amendments define a bearer plan and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plant continues to be accounted for in accordance with IAS 41.

The application of these amendments has had no impact on the Group's consolidated and separate financial statements as the Group is not engaged in agricultural activities.

2.2 New and revised IFRS in issue but not yet effected

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers (and related clarifications)[2]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and Measurement of share-based Payment Transactions[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined

2.2 New and revised IFRS in issue but not yet effected (cont'd)

(i) IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Notes to the consolidated and separate financial statements

2.2 New and revised IFRS in issue but not yet effected (cont'd)

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognises revenue from the sales of goods as highlighted in Note 5

Notes to the consolidated and separate financial statements

2.2 New and revised IFRS in issue but not yet effected (cont'd)

(iii) IFRS 16 Leases

IFRS 16 introduces a comprehensive mode for the identification of lease arrangements and accounting treatments for both lessors and leases. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and corresponding liability have to be recognised for all leases by lesser (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payment, as well as the impact of lease modifications, amongst other. Furthermore, the classification of cash flows will also be affected as operating lease payment under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosure are required by IFRS 16

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor(for both operating and finance leases), the directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated and separate financial statements.

(iv) Amendments to IFRS 2 Classification and Measurement of Shared-based Payment Transactions

The amendment clarify the following

1. In estimating the fair value of a cash settled share-based payment, the accounting for the effect of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires and entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
   a. the original liability is derecognised
   b. the equity settled share-based payment is recognised as the modification date fair value of the equity
   c. any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendment are effective for annual reporting periods beginning on after 1 January, 2018 with earlier application permitted. Specific transaction provision apply. The directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated and separate financial statements as the Group does not have any cash-settled share-based payments arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Notes to the consolidated and separate financial statements

2.2 New and revised IFRS in issue but not yet effected (cont'd)

(v) Amendments to IFRS 10 and IAS 28 Sale of Contribution of Assets between an Investor and its Associates or Joint Venture.

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale of contribution of assets between an investor and its associates or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in transaction with an associate or joint venture that is accounted for using equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any foment subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.

The effective date of amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods should such transaction arise.

(vi) Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosure that enables users of the financial statements to evaluate changes in liabilities arising from financial activities.
The amendments apply prospectively for annual period beginning on or after 1 January 2017 with earlier application permitted. The directors of the Group do not anticipate that the application of these amendments will have a material impact on the Group's consolidated and separate financial statements.

(vii) Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the following :

1. Decreases below cost in the carrying amount of fixed-rate debt instruments measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whatever the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flow;
2. When an entity assesses whether taxable profit will be available against which it can utilise deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences.
3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more then their carrying amount if there is sufficient evidence that is probable that the entity will achieve this; and
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary difference with future taxable profit excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The directors of the Group do not anticipate the applications of these amendments will have a material impact on the Group's consolidated and separate financial statements.

Notes to the consolidated and separate financial statements

3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated and separate financial statements:

3.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) that are effective at 31 December, 2016 and requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and Finance Reporting Council (FRC) Act of Nigeria.

3.2 Basis of preparation

The consolidated and separate financial statements have been prepared on a historical cost basis and are presented in Naira. All values are rounded to the nearest thousand (N'000), except when otherwise indicated.

3.3 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Company and its subsidiary (Winster Pharmaceutical Limited) as at 31 December 2016.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss."

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Notes to the consolidated and separate financial statements

3.3 Basis of consolidation (cont'd)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The investments in subsidiary is valued at cost within the Company financial statements."

3.4 Business combinations

Business combinations are accounted for using the acquisition accounting method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. The costs of acquisition are charged to the income statement in the period in which they are incurred. Where not all of the equity of a subsidiary is acquired the noncontrolling interest is recognised either at fair value or at the non-controlling interest's share of the net assets of the subsidiary, on a case-by-case basis. Changes in the Group's ownership percentage of subsidiaries are accounted for within equity.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Notes to the consolidated and separate financial statements

3.6 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated and separate financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue is recognised in profit or loss when goods or products are supplied to external customers against orders received and title and risk of loss has passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the revenue process is being regarded as complete.
Revenue represents the net invoice value, after deduction of any trade / volume discounts that can be reliably estimated at point of sale, less accruals for estimated future rebates and returns.

Dividend and Interest income

For all financial instruments measured at amortised cost, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss. Dividend is recognised when the Group's right to receive the payment is established, which is generally when it is approved by shareholders.

Rental Income

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

Notes to the consolidated and separate financial statements

3.8 Foreign currencies

(i) Functional and presentation currency
The Group measures the items in its financial statements using the currency of the primary economic environment in which it operates (the functional currency); the financial statements are presented in Nigerian Naira which is the Group's presentation and functional currencies.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined."

3.9 Taxes

Current income tax
The current income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA), CITA is assessed at 30% of the adjusted profit while Education tax is assessed at 2% of the assessable profits.

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

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the consolidated and separate financial statements

3.10 Property, plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, less accumulated depreciation and accumulated impairment loss if any. Such cost includes the cost of replacing component parts of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful life. The normal expected useful life for the major categories of property, plant and equipment are:

Leasehold land	Over the life of the lease
Buildings	Lower of lease term or 50 years
Plant and machinery	10 to 15 years
Furniture, fittings and equipment	4 to 7 years
Motor vehicles	4 years

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

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

3.11 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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

3.12 Financial instruments – initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. For all the years presented the Group's financial assets are classified as loans and receivables.

All financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include cash and short-term deposits, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs.

Trade and other receivables

Trade receivables are carried at amortised cost amount less any allowance for impairment. When a trade receivable is determined to be uncollectable, it is written off, firstly against any provision available and then to profit or loss.
Subsequent recoveries of amounts previously provided for are credited to profit or loss.

Derecognition

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

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

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

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

3.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(ii) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

In the case of trade receivables, allowance for impairment is made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group 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.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other operating expense in the profit or loss.

Notes to the consolidated and separate financial statements

3.12 Financial instruments – initial recognition and subsequent measurement (cont'd)

(iii) Financial liabilities at amortised cost

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. The Group's financial liabilities include only trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (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 in finance costs in profit or loss. In the case of trade and other payables, the amortised cost equals the nominal value.

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

(iv) Offsetting of financial instruments

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

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.14 Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated and separate statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Notes to the consolidated and separate financial statements

3.15 Impairment of non-current assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

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

3.16 Pensions and other post employment benefits

The Group operates a gratuity scheme for a certain category of employees and a pension fund scheme for the benefit of all of its employees.

i. Gratuity scheme: these are benefits payable to employees on retirements or resignation and are funded. The gratuity scheme is a defined benefit plan. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.
Remeasurements for this defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods.
Past service costs are recognised immediately in the income.
The defined benefit liability comprises the present value of the defined benefit obligation (using a discount rate based on Federal Government Bond), less past service costs.

ii. Pension fund scheme: the Group in line with the provisions of the Pension Reform Act 2014, which repealed the Pension Reform Act No. 2 of 2004, has a defined contribution pension scheme for its employees. Contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to the profit or loss. The Group contributes 10% while the employees contribute 8% of the pensionable emoluments.

iii. Bonus plan: the Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit for the year and the performance rating of each staff. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes to the consolidated and separate financial statements

3.17 Segment report

The Group defines it segments on the basis of business sectors. The segments are reported in a manner consistent with internal reporting guidelines provided by the GSK Group (UK).

The Group's segment report has been prepared in accordance with IFRS 8 based on operating segment and product ownership identified by the group and takes geographical reporting into considerations. The operating segments consist of Pharmaceuticals (Prescription drugs and vaccines) and Consumer Healthcare (Oral care, OTC medicines and nutritional healthcare). The Group's management reporting process allocates segment revenue and related cost on the basis of each operating segment. There are no sales between the operating segments. "

3.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated.

3.19 Borrowings

"Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down."

3.20 Borrowing cost

"General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred."

3.21 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.22 Share capital

Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds."

3.23 Research and development

Research and development expenditure is charged to the income statement in the period in which it is incurred. Property, plant and equipment used for research and development is capitalised and depreciated in accordance with the Group's policy.

Notes to the consolidated and separate financial statements

3.24 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

Going concern

The Directors do not consider Winster Pharmaceutical Limited (the wholly owned subsidiary) to be a going concern. This is as a result of the sale of the Company's only product - Cafenol, to a third party on 30 April 2012. The implication of this is that the assets of the Company have been stated at their realisable values and liabilities are all treated as current.

Gratuity benefits

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

In determining the appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.
The mortality rate is based on the rates published in the A49/52 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Future salary increases are based on expected future inflation rates in Nigeria.

Further details about the assumptions used are given in Note 24.

Notes to the consolidated and separate financial statements

4. Significant accounting judgments, estimates and assumptions (cont'd)

Revenue recognition
In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate provision for the rectification costs.

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

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

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted by the balance sheet date."

Year end translation rate
IAS 21 requires that at each reporting period, monetary assets and liabilities be translated using the closing rate. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. In prior years, translation of monetary assets and liabilities has been done using the CBN rate.

During the year, the Central Bank of Nigeria issued a directive stating that importation of goods shall be funded from two sources, the Central Bank and interbank funding. Consequently, the group had various rates available to it at which to translate year end monetary balances as follows:

- The CBN rate;
- The GSK UK Group rate; and
- The interbank rate

In translating year end monetary assets and liabilities, inter-bank rates have been utilised. This has been compared with the Central Bank of Nigeria rate at the same date and the difference is not considered to have a material impact on these financial statements.

Notes to the consolidated and separate financial statements

5 Revenue

The following represents the Group and Company's revenue for the year from continuing operations excluding investment income

	Group & Company	
	2016	**2015**
	N'000	**N'000**
Revenue from the sale of goods	14,384,785	15,391,585
Revenue from rendering of service	-	-
	14,384,785	**15,391,585**

5.1 Segment information

Product and services from which reportable segments derive their revenue

The Chief Operating Decision Maker has been identified as the Management Team. For management purposes, the Group is organised into business units based on their products and has two reportable segments as follows:

Consumer Healthcare segment consisting of oral care, over-the-counter (OTC) medicines and nutritional healthcare; and Pharmaceuticals segment consisting of antibacterial, vaccines and prescription drugs.

Management team monitors the operating results of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. The Agbara global manufacturing site produces goods for the consumer healthcare segment while pharmaceuticals are imported. Segment performance is evaluated based on revenue and operating profit or loss and is measured consistently with operating profit or loss in the consolidated and separate financial statements.

There are no sales between business segments.

The Group's reportable segments under IFRS 8 are Consumer Healthcare and Pharmaceuticals.

Notes to the consolidated and separate financial statements

5.2 Segment revenue and results

The following is an analysis of the Group's revenue and results, assets and liabilities from continuing operations by reporting segment. The Drinks business (Lucozade and Ribena brands) was discontinued in the current year. The segment information below does not include any amount from the discontinued operation which is described in more detail in Note 10 Segment performance is measured based on revenue and operating profit, as management believes such information is the most relevant in evaluating results of segments relative to other entities.

2016	Consumer Healthcare N'000	Pharmaceuticals N'000	Total N'000
Segment results			
Revenue	5,268,880	9,115,905	14,384,785
Cost of sales	(1,654,773)	(3,763,601)	(5,418,374)
EBITDA*	2,249,154	3,582,957	5,832,111
Depreciation	(302,733)	-	(302,733)
Operating profit	1,940,610	3,582,957	5,523,567
Other expenses	(36,049)	(5,473,075)	(5,509,124)
Investment income	171,556	-	171,556
Finance costs	(108)	-	(108)
Profit/(loss) before tax	**2,076,009**	**(1,890,118)**	**185,891**
* Represents earnings before interest and, tax, depreciation & amortisation			
Segment assets & liabilities			
Non-current assets excluding deferred tax	2,112,921	-	2,112,921
Net additions to non-current assets, excluding deferred tax	10,973	-	10,973
Total non-current assets excluding deferred tax	2,123,894	-	2,123,894
Current assets	22,179,933	3,247,416	25,427,349
Total assets excluding deferred tax	**24,303,827**	**3,247,416**	**27,551,243**
Segment liabilities excluding deferred tax	**5,850,077**	**5,294,587**	**11,144,664**

Notes to the consolidated and separate financial statements

5.2 Segment revenue and results (cont'd)

2015	Consumer Healthcare	Pharmaceuticals	Total
Segment results	**N'000**	**N'000**	**N'000**
Revenue	5,948,932	9,442,653	15,391,585
Cost of sales	(3,350,250)	(6,615,563)	(9,965,813)
EBITDA*	441,688	1,411,183	1,852,871
Depreciation	(376,859)	-	(376,859)
Operating profit	64,829	1,391,549	1,456,378
Other income/(expenses)	13,404	(420,174)	(406,770)
Investment income	6,583	10,450	17,033
Finance costs	(1,040)	-	(1,040)
Profit before tax	**83,776**	**981,825**	**1,065,601**
* Represents earnings before interest and, tax, depreciation & amortisation			
Segment assets & liabilities			
Non-current assets excluding deferred tax	13,751,342	-	13,751,342
Net additions to non-current assets, excluding deferred tax	122,900	-	122,900
Total non-current assets excluding deferred tax	13,874,242	-	13,874,242
Current assets	15,880,984	1,574,487	17,455,471
Total assets excluding deferred tax	**29,755,226**	**1,574,487**	**31,329,713**
Segment liabilities excluding deferred tax	**7,014,901**	**9,290,255**	**16,305,156**

The accounting policies of the segments are the same as the Group's accounting policies describe in Note 3. This is the measure reported to the management for the purpose of resources allocation and measurement

The accounting policies of the reporting segments are the same as the Group's accounting policies described in note 3. The segment reporting represents profit before tax earned by each segment without allocation of central administration cost, investment income and finance cost.

For the purpose of monitoring segments performance and allocating resources between segments:

- all assets are allocated to reportable segment other than deferred tax asset. Assets used by reportable segments are allocated on the basis of the revenues earned by individual reportable segments
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segments assets

Notes to the consolidated and separate financial statements

5.3 Other segment information

	Depreciation and Amortisation	
	2016	**2015**
	N'000	**N'000**
- Consumer healthcare	302,733	376,859
- Pharmaceuticals	-	-
	302,733	**376,859**

5.4 Geographical information

The Group generates 98.7% of its revenue from continuing operations in Nigeria while 1.3% represents exports to Ghana.

5.5 Information about major customer

The Pharmaceuticals segment has a major customer with total sales of N9.06 billion (2015: N9.28 billion) contributing more than 10% of the Group's total revenue.

6 The following represents the Group and Company's selling and administrative expenses.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
Payroll costs	1,835,482	1,974,878	1,835,482	1,974,878
Electricity, fuel & utility	77,606	52,175	77,606	52,175
Repairs and maintenance	22,481	28,441	22,481	28,441
Repairs and maintenance - vehicles	69,231	55,585	69,231	55,585
Repairs and maintenance -others	121,550	25,790	121,550	25,790
Insurance	40,664	43,304	40,664	43,304
Depreciation	218,198	269,087	218,198	269,087
Rent and rates	180,543	287,847	180,543	285,672
Security & facility expenses	58,650	85,339	58,650	85,339
Canteen expenses	167	1,215	167	1,215
Freight cost	773,517	965,971	773,517	965,971
Travel and expenses	163,605	204,651	163,605	204,651
Telecom cost	165,300	161,723	165,300	161,723
Audit fees	28,000	24,000	28,000	24,000
Consultancy	139,015	159,416	139,015	159,416
Advert and promotion	1,190,659	2,260,368	1,190,659	2,260,368
Laboratory supplies	-	5,422	-	5,422
Bank charges	52,235	30,027	52,235	30,027
Postage	6,677	7,722	6,677	7,722
Other office supplies	16,506	11,563	16,506	11,563
Other business expenses	214,179	393,784	214,179	393,784
Inter-departmental allocation	1,248,731	1,026,577	1,248,731	1,026,577
Impairment of receivables	341,032	352,091	341,032	352,091
Impairment of property, plant & equipment	-	131,657	-	131,657
	6,964,028	**8,558,633**	**6,964,028**	**8,556,458**

Notes to the consolidated and separate financial statements

6(A) Royalty recovery

The Company has a licence agreement with Glaxo Group Limited and Smithkline Beecham Limited. The agreement covers the products of the overseas companies produced and marketed by GlaxoSmithKline Consumer Nigeria Plc, and other support enjoyed by GSK Consumer Nigeria Plc under the agreement. The fees payable under the agreement are computed at 1% of revenue of the category products for the licence agreement. The amounts charged (N1.215bn) in the past years has been reversed to profit in 2016 upon company's inability to obtain approval from the National Office for Technology Acquisition Promotion Council. Out of the total reversal of (N1.215bn), N484million for consumer products reported under statement of comprehensive income of continued operations and N730million for (Lucozade and Ribena) discontinued operations reported under Note 10.

6(B) Expense by nature have been disclosed in the statement of comprehensive income as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
Selling and distribution	2,255,043	2,630,290	2,255,043	2,630,290
Administrative expenses	1,182,078	1,319,466	1,182,078	1,317,290
Discontinued operations (Note 10)	3,526,907	4,608,877	3,526,907	4,608,877
	6,964,028	**8,558,633**	**6,964,028**	**8,556,458**

6(C) Cost of Sales	Group		Company	
	2016	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
Cost of raw materials, consumables and goods purchased for resale	4,403,335	9,520,461	4,403,335	9,520,461
Depreciation	84,535	107,772	84,535	107,772
Production overheads	930,504	337,580	930,504	337,580
	5,418,374	**9,965,813**	**5,418,374**	**9,965,813**

The Company received two categories of credit notes from the trading partners (GSK group) during the fourth quarter in 2016, they are as follows: (a) Pricing adjustment amounting to N4.6bn applied to cost of sales in (Note 6c) and (b) Promotional assistance for the parent company's brands in the sum of N0.928bn which has been adjusted against advert and promotion under administrative expenses (Note 6b).

6(D) Employee benefits expense (continuing operations)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
Wages and salaries	1,635,273	1,467,738	1,635,273	1,467,738
Defined contribution	79,098	61,139	79,098	61,139
Defined benefits	19,298	11,598	19,298	11,598
	1,733,669	**1,540,475**	**1,733,669**	**1,540,475**

Notes to the consolidated and separate financial statements

		GROUP		COMPANY	
		2016 N'000	2015 N'000	2016 N'000	2015 N'000
7	**Investment income**				
	Interest income on short-term deposits	171,556	17,033	171,556	6,136
		171,556	**17,033**	**171,556**	**6,136**
8	**Other gains and losses**				
	Profit/(loss) from sale of property, plant and equipment	12,791	(1,789)	12,791	(1,789)
	Income from sale of obsolete items as scrap	-	5,833	-	5,833
	Realised exchange foreign exchange losses/ (gains)	(3,697,589)	(395,789)	(3,697,589)	(395,789)
	Unrealised foreign exchange (losses)/gains	(2,484,225)	20,645	(2,484,225)	20,645
	Other sundry income	169,315	(35,670)	169,315	(35,670)
		(5,999,708)	**(406,770)**	**(5,999,708)**	**(406,770)**
9	**Profit before tax**				
	Profit before tax from continuing operation has been arrived at after charging/(crediting):				
	Audit fees	28,000	24,000	28,000	24,000
	Impairment loss on receivables	341,033	352,091	341,033	352,091
	Depreciation	302,733	376,859	302,733	376,859
	Net foreign exchange loss	6,181,814	375,140	6,181,814	375,140
10	**Discontinued operations**				
	Revenue	9,731,698	15,243,123	9,731,698	15,243,123
	Cost of sales	(8,316,181)	(10,342,652)	(8,316,181)	(10,342,652)
	Gross profit	1,415,517	4,900,471	1,415,517	4,900,471
	Operating expenses	(3,526,907)	(4,608,877)	(3,526,907)	(4,608,877)
		(2,111,390)	291,594	(2,111,390)	291,594
	Investment income	9,495	16,870	9,495	16,870
	Other gains and losses	(34,711)	(206,224)	(34,711)	(206,224)
	Royalty fee recovery/(expense)	730,418	(7,664)	730,418	(7,664)
	Finance costs	(199)	(2,663)	(199)	(2,663)
	(Loss)/profit before tax from discontinued operations	**(1,406,387)**	**91,913**	**(1,406,387)**	**91,913**

10.1 At the Annual and Extra-Ordinary General Meetings held on 4th July, 2016, the board of directors and shareholders approved the non-binding offer made to the company by Suntory Beveragers and Foods Nigeria Limited for the purchase of the company's Drinks business (Lucozade and Ribena brands). Subsequently the deal formalities was started and concluded on 30th September 2016 with the disposal of the Drinks business to Suntory Beverages and Foods Nigeria Limited. Details of asset disposed of and the calculation of the profit on disposals are disclosed in Note 10.2.

	GROUP & COMPANY	
10.2 Statement of profit from the Drinks business disposal	**2016 N'000**	**2015 N'000**
Consideration received	20,997,900	-
Value of property, plant and equipment sold	(12,054,577)	-
Value of inventories sold	(1,580,000)	-
Deduction for distribution contract migration	(397,687)	-
Deal related expenses	(1,349,135)	-
Profit on disposal before tax	5,616,501	-
Tax on discontinued operations	(1,670,037)	-
Profit after tax from the disposal of drinks business	3,946,464	-
Special dividend (Note 10.3)	(717,125)	-
Profit after tax and special dividend	**3,229,339**	**-**

Notes to the consolidated and separate financial statements

10.3 Special dividend represents a 60k dividend per ordinary share approved by the shareholders at the Extraordinary General Meeting held on 4 July 2016 to be paid out of the proceeds of the disposed Drinks business as "special dividend".

		GROUP		COMPANY	
		2016	2015	2016	2015
11	**Net cash inflow on disposal of drinks business**	N'000	N'000	N'000	N'000
	Consideration received in cash and cash equivalents	20,997,900	-	20,997,900	-
	Less: cash and cash equivalent balance disposed off	-	-	-	-
		20,997,900	**-**	**20,997,900**	**-**
12	**Finance costs**				
	Interest on bank loans and overdrafts	**(108)**	**(1,040)**	**(108)**	**(1,040)**

		GROUP		COMPANY	
13	**Taxes**	2016	2015	2016	2015
		N'000	N'000	N'000	N'000
13.1	**Income statement:**				
	Current income tax:				
	Company income tax	215,573	-	215,573	-
	Education tax	19,470	41,436	19,470	41,436
	Tax arising from prior year	53,333	-	53,333	-
		288,376	41,436	288,376	41,436
	Deferred tax:				
	Relating to origination and reversal of temporary differences	(2,480,630)	151,031	(2,480,630)	151,031
	Total income tax recognised in the current year relating to continuing operations	**(2,192,254)**	**192,467**	**(2,192,254)**	**192,467**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	GROUP		COMPANY	
Profit before tax from continuing operations	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Profit before tax from continuing operations	185,891	1,065,601	185,891	1,056,880
Income tax expense calculated at 30% (2015: 30%)	55,767	319,680	55,767	317,064
Education tax	19,470	41,436	19,470	41,436
Effect of income tax that is exempt from taxation	(215,970)	(77,425)	(215,970)	(77,425)
Effect of expense that are not deductible in determining taxable profit	-	(91,224)	-	(91,224)
Effect of previously recognised tax offsets now recognised as deferred assets	(2,051,521)	-	(2,051,521)	-
Income tax expense recognised in profit or loss (relating to continuing operations)	**(2,192,254)**	**192,467**	**(2,192,254)**	**192,467**

The tax rate used for the year 2016 and 2015 reconciliations above is the corporate tax rate of 30%.

13.2 Statement of other comprehensive income:
Deferred tax related to items charged or credited directly to equity during the year:

	GROUP		COMPANY	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Deferred tax charge on remeasurement	3,451	(4,522)	3,451	(4,522)
Income tax charged directly to other comprehensive income	**3,451**	**(4,522)**	**3,451**	**(4,522)**

Notes to the consolidated and separate financial statements

	Statement of financial position:	GROUP		COMPANY	
		2016 N'000	2015 N'000	2016 N'000	2015 N'000
13.3	**Current tax liabilities:**				
	At 1 January	410,141	1,328,895	395,836	1,309,884
	Tax charge/(income) in income statement:				
	Tax on continuing operations (Note 13.1)	288,376	41,436	288,376	41,436
	Tax on discontinued operations (Note 10)	1,670,037	-	1,670,037	-
		2,368,554	1,370,331	2,354,249	1,351,320
	Company income tax paid	(361,659)	(835,939)	(361,659)	(831,528)
	Education tax paid	(40,389)	(124,251)	(40,389)	(123,956)
	At 31 December	**1,966,506**	**410,141**	**1,952,201**	**395,836**
13.4	**Deferred tax balances:**				
	Reflected in the statement of financial position as follows:				
	Deferred tax assets	(637,836)	-	(637,836)	-
	Deferred tax liabilities	-	1,839,343	-	1,839,343
	Deferred tax (asset)/liabilities	**(637,836)**	**1,839,343**	**(637,836)**	**1,839,343**

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

Group and Company	**Opening balance**	**Recognissed in profit or loss**	**Recognised in other comprehensive inocme**	**Closing balance**
2016	**N'000**	**N'000**	**N'000**	**N'000**
Property, plant & equipment	1,841,880	(1,465,634)	-	376,246
Defined benefit obligation Provision	(22,453)	-	3,451	(19,002)
Provisions	(252,918)	(487,226)	-	(740,144)
Unrealised exchange difference	272,834	(527,770)	-	(254,936)
	1,839,343	**(2,480,630)**	**3,451**	**(637,836)**
2015				
Property, plant & equipment	2,120,661	(278,781)	-	1,841,880
Defined benefit obligation Provision	(17,931)	-	(4,522)	(22,453)
Provisions	(141,955)	(110,963)	-	(252,918)
Unrealised exchange difference	(267,941)	540,775	-	272,834
	1,692,834	**151,031**	**(4,522)**	**1,839,343**

The opening deferred tax liability of N1.84bn as 1 January 2016 reversed to N637m deferred tax asset at year end due to transfer of Property Plant and Equipment to Suntory Food & Beverages Nigeria Ltd and Foreign exchange loss disallowed for tax purposes. The resulting deferred tax assets has been applied to tax expense for the year giving rise to N2.19bn reported as income in the Statement of Comprehensive Income. The deferred tax relating to the discontinued operations was not separated in the movement during the year as it was impracticable to be allocated.

		GROUP		COMPANY	
		2016 N'000	2015 N'000	2016 N'000	2015 N'000
14	**Earnings per share**				
	Net profit attributable to ordinary equity holders of the parent from continuing operations	2,378,145	873,134	2,378,145	864,413
	Net profit attributable to ordinary equity holders of the parent from continuing and discontinued operations	4,201,097	965,047	4,201,097	956,326
	Weighted average number of ordinary shares for basic earnings per share	1,195,876	1,016,495	1,195,876	1,016,495
	Basic and diluted earnings per share (kobo)-continuing operations	199	86	199	85
	Basic and diluted earnings per share (kobo)-continuing and discontinued operations	351	95	351	94

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated and separate financial statements. There are no potentially dilutive shares at the reporting date thus the Group's diluted earnings per share and basic earnings per share both have the same value.

15 Property, plant and equipment
Group and Company

	Leasehold land N'000	Buildings N'000	Plant and machinery N'000	Construction in progress N'000	Furniture, fittings and equipment N'000	Motor vehicles N'000	Total N'000
Cost:							
At 1 January 2015	633,591	1,498,431	9,933,987	4,551,109	1,238,809	716,344	18,572,271
Additions	-	913	56,983	1,396,805	231,070	235,915	1,921,686
Transfers	-	988,959	2,315,757	(3,337,557)	32,841	-	-
Impairment	-	-	(192,829)	-	-	-	(192,829)
Disposals	-	-	-	-	(9,800)	(130,081)	(139,881)
At 31 December 2015	633,591	2,488,303	12,113,898	2,610,357	1,492,920	822,178	20,161,247
Additions	-	5,985	24,561	1,070,731	1,543	46,281	1,149,101
Transfers	-	388,811	76,772	(534,638)	57,505	11,550	-
Disposal of drinks business	(171,082)	(2,425,761)	(10,707,243)	(2,699,127)	(271,979)	(205,133)	(16,480,325)
Disposals - others	-	-	(857)	(25,626)	(22,090)	(126,997)	(175,570)
At 31 December 2016	462,509	457,338	1,507,131	421,697	1,257,899	547,879	4,654,453
Depreciation:							
At 1 January 2015	108,023	204,316	3,866,057	-	553,769	420,712	5,152,877
Charge for the year	10,714	54,932	1,102,531	-	119,244	153,712	1,441,133
Impairment	-	-	(61,172)	-	-	-	(61,172)
Disposals	-	-	-	-	(8,842)	(114,091)	(122,933)
At 31 December 2015	118,737	259,248	4,907,416	-	664,171	460,333	6,409,905
Charge for the year	9,526	24,904	478,400	-	67,825	124,570	705,225
Disposal of drinks business	(15,207)	(183,683)	(3,951,013)	-	(165,684)	(110,160)	(4,425,747)
Disposals - others	-	-	(857)	-	(19,998)	(126,997)	(147,852)
At 31 December 2016	113,056	100,469	1,433,946	-	546,314	347,746	2,541,531
Net book value:							
At 31 December 2016	**349,453**	**356,869**	**73,185**	**421,697**	**711,585**	**200,133**	**2,112,922**
At 31 December 2015	**514,854**	**2,229,055**	**7,206,482**	**2,610,357**	**828,749**	**361,845**	**13,751,342**

15.1 Assets pledged as security
There was no asset pledged as security for a loan during the year.

15.2 Capital commitments
Capital commitments in respect of property, plants and equipment amounted to N24 million (2015: N1.4 billion).

Notes to the consolidated and separate financial statements

		GROUP		COMPANY	
		2016	2015	2016	2015
15.3	**Depreciation**	**N'000**	**N'000**	**N'000**	**N'000**
	Continuing operations	302,733	376,859	302,733	376,859
	Discontinued operation	402,492	1,064,274	402,492	1,064,274
		705,225	**1,441,133**	**705,225**	**1,441,133**

		GROUP		COMPANY	
16	**Investment in subsidiary**				
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
	Investment in subsidiary	-	-	160	160

This represents investment in Winster Pharmaceuticals Limited, a wholly owned subsidiary company, which is measured at cost. Winster has no turnover for the current year following the sale of its only product to a third party in 2012. The results of the Company have been consolidated in these financial statements.

		GROUP		COMPANY	
		2016	2015	2016	2015
17	**Inventories**	**N'000**	**N'000**	**N'000**	**N'000**
	Raw materials and consumables	742,743	2,116,696	742,743	2,116,696
	Work in progress	13,977	18,595	13,977	18,595
	Finished goods	3,569,456	4,799,383	3,569,456	4,799,383
	Engineering spares	114,658	468,956	114,658	468,956
	Oil and lubricant	-	14,608	-	14,608
	Total inventories	**4,440,834**	**7,418,238**	**4,440,834**	**7,418,238**

Notes to the consolidated and separate financial statements

	2016			2015		
	Consumer N'000	Pharma N'000	Total N'000	Consumer N'000	Pharma N'000	Total N'000
17.1 Inventories - By Segment						
Raw materials and consumables	742,743	-	742,743	2,116,696	-	2,116,696
Work in progress	13,977	-	13,977	18,595	-	18,595
Finished goods	1,164,740	2,404,716	3,569,456	1,764,143	3,035,240	4,799,383
Engineering spares	114,658	-	114,658	468,956	-	468,956
Oil and lubricant	-	-	-	14,608	-	14,608
	2,036,118	**2,404,716**	**4,440,834**	**4,382,998**	**3,035,240**	**7,418,238**

The cost of inventories from continuing operations recognised as an expense and included in cost of sales amounted to N4.4billion (2015: N6.8 billion).

The amount of inventories written off and included in cost of sales was N246 million (2015: N465 million).

	GROUP		COMPANY	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
18 Trade and other receivables				
Trade receivables (Note 18.1)	2,469,468	5,112,898	2,469,468	5,112,898
Receivables from related parties (Note 25)	169,539	166,487	169,539	166,487
Employee loans and advances	163,596	344,951	163,596	344,951
Advances to suppliers	-	16,473	-	16,473
Due from Lucozade Ribena Suntory (Note 18.2)	1,442,795	-	1,442,795	-
Transitional service fee and distributor contract recovery	556,249	-	556,249	-
Others	573,063	595,456	573,063	595,456
	5,374,710	**6,236,265**	**5,374,710**	**6,236,265**

Notes to the consolidated and separate financial statements

18.1 Trade receivables

	GROUP AND COMPANY	
	2016	**2015**
	N'000	**N'000**
Trade receivables	2,530,628	5,493,595
Impairment loss	(61,160)	(380,697)
	2,469,468	**5,112,898**

Trade receivables are non-interest bearing and are generally on 55 day terms. Glaxosmithkline consumer Nigeria sells through distributors within Nigeria. GlaxosmithKline Consumer Nigeria policy states that a provision of 100% should be made on all receivables over 360 days, 75% is made on doubtful debts with invoices overdue for 181 to 360 days bracket while 50% is made on invoices with 91 to 180 days.

Age of receivables that are past due but not impaired:	GROUP AND COMPANY	
	2016	**2015**
	N'000	**N'000**
61-90 days	4,061	1,058,520
Average days	57	55
Movement in the allowance for doubtful debts		
Balance at beginning of the year	380,697	240,983
Additional provision	894,204	259,028
Recoveries	(557,001)	(23,108)
Write offs	(656,740)	(96,206)
Balance at the end of the year	**61,160**	**380,697**
Age of impaired trade receivables		
91-180 days	26,918	123,904
>180 days	34,242	256,793
	61,160	**380,697**

The fair values of trade and other receivables are the same as their carrying amounts.

18.2 Lucozade Ribena Suntory receivables relate to the trading arrangement under the Sales and Distribution Agreement.

Notes to the consolidated and separate financial statements

		GROUP		COMPANY	
		2016 N'000	2015 N'000	2016 N'000	2015 N'000
19	**Other assets**				
	Prepayment of manufacturing raw materials	208,301	-	208,301	-
	Prepaid rent	111,269	179,288	111,269	179,288
	Prepaid insurance	32,043	49,931	32,043	49,931
	Other prepayments	55,891	56,326	55,891	56,326
		407,504	**285,545**	**407,504**	**285,545**
	Current	396,531	162,645	396,531	162,645
	Non Current	10,973	122,900	10,973	122,900
		407,504	**285,545**	**407,504**	**285,545**

20 Cash and cash equivalents

For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents include cash and bank balances, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year as shown in the consolidated and separate statement of cash flows can be reconciled to related items in the consolidated and separate statements of financial position as follows:

	GROUP		COMPANY	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Cash at bank:				
Current account balances	3,966,704	3,073,416	3,758,694	2,865,407
Short term deposit (45-60 days)	7,613,688	-	7,613,688	-
Restricted Cash (Note 20.1)	3,634,881	564,907	3,634,881	564,907
	15,215,273	**3,638,323**	**15,007,263**	**3,430,314**

20.1 Restricted cash comprises N2,557m equivalent of USD forward cover purchased against pending bills with CBN for revalidation, N446m cash collateral against letters of credit issued but not yet paid/transmitted and N631m as Unclaimed dividend returned by the Registrar to the Company which has been invested in line with regulatory requirement.

Notes to the consolidated and separate financial statements

21 Issued capital and share premium

		GROUP		COMPANY	
	Authorised shares	**2016**	**2015**	**2016**	**2015**
		Thousands	**Thousands**	**Thousands**	**Thousands**
	Ordinary shares of 50k each	1,500,000	1,500,000	1,500,000	1,500,000
		N'000	**N'000**	**N'000**	**N'000**
	Ordinary shares of 50k each	750,000	750,000	750,000	750,000
21.1	**Ordinary shares issued and fully paid**	**Thousands**	**Thousands**	**Thousands**	**Thousands**
	Ordinary shares of 50k each	1,195,876	1,195,876	1,195,876	1,195,876
		N'000	**N'000**	**N'000**	**N'000**
	Ordinary shares of 50k each	**597,939**	**597,939**	**597,939**	**597,939**
		N'000	**N'000**	**N'000**	**N'000**
21.2	**Share premium**	**51,395**	**51,395**	**51,395**	**51,395**

22 Dividend

On 4th July 2016, a dividend of 30k per share (N359 million) was approved by the shareholders to be paid to the holders of fully paid shares from the retained pioneer earnings as well as a special dividend (N717 million) as disclosed on note 10.3.

In respect of the current year, the directors proposed a dividend of 30k per share amounting to N359 million. This dividend is subject to the approval of the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is to be paid out of the retained pioneer earnings.

Notes to the consolidated and separate financial statements

23 Retirement benefit obligations

The Group operates a defined benefit gratuity plan covering substantially all of its employees. The plan was discontinued in 2010 for management and senior staff leaving only the junior staff. During the year, the contributions were transferred to the respective Pension Fund Administrator except as disclosed in note 24.2 payable as at 31st December 2016.

The defined benefit plans are designed to provide income to individuals during their retirement years. This is accomplished by setting aside a provision during an employee's working years so that at retirement, funds matching the accumulated provisions are made available to eligible staff. The scheme is fully funded, hence future payments will be funded through cash flows from the fund administrator.

The following tables summarise the components of net benefit expense recognised in the profit or loss and amounts recognised in the statement of financial position for the plan.

	GROUP		COMPANY	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Net benefit expense (recognised in administrative expenses)				
Current service cost	12,539	13,098	12,539	13,098
Plan amendment	-	(8,692)	-	(8,692)
Interest cost on benefit obligation	19,625	18,791	19,625	18,791
Net benefit expenses	32,164	23,197	32,164	23,197
Changes in the present value of the defined benefit obligation				
Benefit liability				
Defined benefit obligation as at 1 January	169,245	130,975	169,245	130,975
Current service cost	12,539	13,098	12,539	13,098
Interest cost	19,625	18,791	19,625	18,791
Benefits paid	(133,948)	-	(133,948)	-
Benefit awaiting disbursement	(4,122)		(4,122)	
Plan amendment	-	(8,692)	-	(8,692)
Fair value of plan assets	(51,533)	-	(51,533)	-
	11,806	154,172	11,806	154,172
Remeasurement loss :				
-arising from changes in assumption	(2,079)	26,167	(2,079)	26,167
-arising from experience	(9,425)	(11,094)	(9,425)	(11,094)
	(11,504)	15,073	(11,504)	15,073
Defined benefit obligation at 31 December	**302**	**169,245**	**302**	**169,245**

Notes to the consolidated and separate financial statements

23 Retirement benefit obligations (cont'd)

The principal assumptions used in determining gratuity plan benefit obligations for the Group's plan are shown below:

	GROUP		COMPANY	
	2016	2015	2016	2015
	%	%	%	%
Average long term discount rate (p.a)	15.50	15.00	15.50	15.00
Average long term pay increase (p.a)	14.00	12.00	14.00	12.00
Average long term rate of inflation (p.a)	12.00	9.00	12.00	9.00
Mortality rate in service (Age band):				
Less than or equal to 30	3.00	3.00	3.00	3.00
31-39	2.00	2.00	2.00	2.00
40-49	2.00	2.00	2.00	2.00
50-60	0.00	0.00	0.00	0.00
Mortality rate in service Sample age				
25	7	7	7	7
30	7	7	7	7
35	9	9	9	9
40	14	14	14	14
45	26	26	26	26

The scheme is exposed to risk of changes in discount rate, salary increase and mortality experience. A sensitivity analysis of the changes in presented below:

	GROUP		COMPANY	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Base figure	51,835	169,245	51,835	169,245
Discount rate (+1%)	46,447	154,800	46,447	154,800
Discount rate (-1%)	57,975	185,746	57,975	185,746
Salary increase (+1%)	58,257	186,581	58,257	186,581
Salary increase (-1%)	46,132	153,857	46,132	153,857
Mortality experience (improved by 1 year)	51,821	169,191	51,821	169,191
Mortality experience (worsen by 1 year)	51,847	169,292	51,847	169,292

The following payments are expected contributions to the defined benefit plan in future years:

	THE GROUP AND COMPANY	
	2016	2015
	N'000	N'000
Within the next 12 months (next annual reporting period)	416	12,422
Between 2 and 5 years	5,312	79,501
Between 5 and 10 years	74,787	100,195
	80,515	**192,118**

Notes to the consolidated and separate financial statements

		GROUP		COMPANY	
		2016	2015	2016	2015
24	**Trade and other payables**	N'000	N'000	N'000	N'000
	Trade payables	134,378	3,522,462	133,590	3,522,364
	Amounts due to related parties (Note 25)	5,151,022	10,761,571	5,151,022	10,761,571
	Unclaimed dividends (Note 24.1)	631,136	522,420	631,136	522,420
	Unpaid dividend due to related parties (Note 24.2)	501,845	-	501,845	-
	Other payables	266,355	816,456	266,356	816,456
	Accruals	2,493,120	102,861	2,491,099	100,152
		9,177,856	**15,725,770**	**9,175,048**	**15,722,963**

Terms and conditions of the above financial and non-financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables and accruals are non-interest bearing and have an average term of six months.
- Terms and conditions relating to related party receivables are disclosed in Note 25

24.1 Unclaimed dividends

These are the amounts returned by the Registrar to the company in line with regulatory requirement. The corresponding asset is disclosed in note 20.

24.2 Unpaid dividend

The dividend payable to the related parties remained unpaid as at 31 December 2016 due to difficult in sourcing for foreign currency. The payment will be made as soon as foreign currency becomes available.

		GROUP		COMPANY	
24.3	**Pension contribution (included in other payables)**	2016	2015	2016	2015
		N'000	N'000	N'000	N'000
	Balance at the beginning of the year	23,026	42,024	23,026	42,024
	Addition during the year	120,216	122,277	120,216	122,277
	Remittance to administrator	(119,769)	(141,275)	(119,769)	(141,275)
		23,473	**23,026**	**23,473**	**23,026**

The fair values of trade and other payables are equal to their carrying amounts as the impact of discounting is not considered to be significant.

Notes to the consolidated and separate financial statements

25 Related party disclosures

The financial statements include the financial statements of the Company and those of Winster Pharmaceutical Limited, a wholly owned subsidiary which was incorporated in Nigeria. The Group share of the equity of Winster Pharmaceutical Limited remains at 100% throughout all reporting periods shown. There are no restrictions on the ability of the subsidiary to use assets of the Group, or settle its obligations.

The following table provides the total amount of transactions that have been entered into with related parties; as well as the outstanding balances for the transactions as at 31 December 2016 and 31 December 2015.

	GROUP AND COMPANY		GROUP				COMPANY			
	Purchases from related parties		Amounts owed by related parties		Amounts owed to related parties		Amounts owed by related parties		Amounts owed to related parties	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000	2016 N'000	2015 N'000	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Subsidiary:										
Winster Pharmaceuticals Limited:	-	-	-	-	-	-	-	-	-	-
Other sister companies:										
GSK Pharmaceutical Nigeria Limited	-	-	-	-	548,241	596,671	-	-	548,241	596,671
GSK Biological Manufacturing Limited	18,461	-	-	-	31,971	91,999	-	-	31,971	91,999
GSK Consumer Trading Services Cerp	-	472,151	-	-	-	67,145	-	-	-	67,145
GlaxoSmithkline Dungravan	-	-	-	-	920,252	615,655	-	-	920,252	615,655
GlaxoSmithkline Export Limited UK	5,374,002	5,129,650	-	-	3,151,625	8,525,081	-	-	3,151,625	8,525,081
GlaxoSmithKline Consumer Trading Services (JDE)	1,634,039	510,097	-	-	-	593,013	-	-	-	593,013
GlaxoSmithkline Uk Ltd Ph	-	-	-	-	66,576	-	-	-	66,576	-
GlaxoSmithkline Limited, Kenya	-	-	25,654	13,744	-	-	25,654	13,744	-	-
Gw South Africa Pty	-	-	-	-	16,473	-	-	-	16,473	-
GSK CTS Uk	-	-	-	-	106,114	-	-	-	106,114	-
GSK OPS UK Area	-	-	18,324	1,875	-	-	18,324	1,875	-	-
Inter Com - GlaxoSmithkline South Africa	5,576	-	125,561	90,536	-	-	125,561	90,536	-	-
GlaxoSmithKline Consumer Healthcare Pte. Ltd.	7,945	-	-	-	26,409	6,873	-	-	26,409	6,873
Glaxo Group Limited - Corporate	-	-	-	5,532	-	-	-	5,532	-	-
SB CORP - GlaxoSmithkline Clifton	-	-	-	-	-	3,583	-	-	-	3,583
SB CORP	-	-	-	-	-	910	-	-	-	910
GSK Healthcare Singapore	-	-	-	48,508	-	-	-	48,508	-	-
GSK Pet Ltd Singapore	-	-	-	6,292	-	-	-	6,292	-	-
GlaxoSmithKline Services Unlimited	-	-	-	-	283,361	260,641	-	-	283,361	260,641
Total	**7,040,023**	**6,111,899**	**169,539**	**166,487**	**5,151,022**	**10,761,571**	**169,539**	**166,487**	**5,151,022**	**10,761,571**

Notes to the consolidated and separate financial statements

25 Related party disclosures (cont'd)

Transactions and balances receivable and payable at the year are further analysed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Receivable from related parties:				
Local	-	-	-	-
Foreign	169,539	166,487	169,539	166,487
	169,539	**166,487**	**169,539**	**166,487**
Payable to related parties:				
Local	548,241	596,671	548,241	596,671
Foreign	4,602,781	10,164,900	4,602,781	10,164,900
	5,151,022	**10,761,571**	**5,151,022**	**10,761,571**

There were no sales to related parties for the year ended 31 December 2016 (2015:nil).

The ultimate parent company

The ultimate parent company of the Group is GlaxoSmithKline Plc, United Kingdom.

Terms and conditions of transactions with related parties

Purchases from related parties are for inventory items as well as IT support services provided.

Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates."

26 Compensation of key management personnel of the Group

	GROUP		COMPANY	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Short-term employee benefits	251,731	226,532	251,731	226,532
Defined contribution	30,253	22,019	30,253	22,019
Total compensation paid to key management personnel	**281,984**	**248,551**	**281,984**	**248,551**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Key management includes directors and members of senior management.

Other than the disclosures already shown above, there were no other transactions with key management personnel in the year (2015: nil)

Notes to the consolidated and separate financial statements

27 Directors and employees information

27.1 Employees

The number of full-time persons employed was as follows:

	THE GROUP AND COMPANY	
	2016 Number	2015 Number
Administration	70	79
Sales and distribution	36	69
Marketing	5	11
Production	69	260
	180	419

Winster Pharmaceuticals Limited does not have employees.

The number of employees of the Company, other than directors, who earned more than N900,000 in the year were as follows:

			THE GROUP AND COMPANY	
N		N	2016 Number	2015 Number
900,001	to	1,000,000	-	1
1,000,001	to	1,500,000	-	17
1,500,001	to	2,000,000	12	41
2,000,001	to	2,500,000	13	40
2,500,001	to	3,000,000	15	59
3,000,001	to	3,500,000	21	56
3,500,001	to	4,000,000	16	29
4,000,001	to	4,500,000	11	23
4,500,001	to	5,000,000	9	17
5,000,001	to	5,500,000	6	10
5,500,001	to	6,000,000	10	8
6,000,001	and above		67	118
			180	419

Notes to the consolidated and separate financial statements

		2016	2015
27.2	**Directors**	**N'000**	**N'000**
	The remuneration paid to directors of the Group was:	**60,088**	**50,114**
	Fees and other emoluments disclosed above (including pension contribution) includes amounts paid to:		
	The Chairman	**9,176**	**6,681**
	The highest paid director	**32,283**	**29,175**

The number of directors including the Chairman and the highest paid director who received fees and other emoluments including pension contributions is as follows:

			THE GROUP AND COMPANY	
			2016	**2015**
N		N	**Number**	**Number**
-	to	1,000,000	7	4
1,000,001	to	2,000,000	-	-
2,000,001	to	3,000,000	-	1
3,000,001	to	8,000,000	4	4
8,000,001	to	9,000,000	-	-
9,000,001	to	30,000,000	1	1
30,000,001	and above		1	-
			13	10

28 Contingent liabilities

Legal claim contingency

In June 2011, damages amounting to N1.2 billion were awarded against the Company and its parent with respect to trademark and copyright infringements of the Panadol label; at the Federal High Court. The Company filed for a stay of execution and also appealed the judgment.

The Court granted the stay of execution on the condition that the judgement sum be deposited into an interest yielding account, pending determination of the appeal at the Court of Appeal. GSK has filed another application at the Court of Appeal for a variation of the order to the acceptance of a bank guarantee instead of lodging the amount in court.

Various applications were filed by the parties at the Court of Appeal. The Appellants, GSK and its parent company have filed the brief of argument dated January 8, 2016 and have applied to the court for a date for the definite hearing of the Appeal.

The following should be noted:

- Under the licensing and trademark agreements between the Company and its parent, the Company will be indemnified by its parent entity for any claims arising from the use of the Panadol trademark.
- The Panadol brand has moved from the eclipse device (the subject of the litigation) to the Beacon livery as part of a global brand strategy.
- The Group is currently involved in some other civil actions in court either as defendant, co-defendant or as plaintiff. The cases are at various stages of adjudication and our solicitors are adequately protecting and promoting our interest. Based on the facts, it is the opinion of the directors that the effect of the current actions will not be material.

Notes to the consolidated and separate financial statements

29 Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Finance committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. Financial instruments affected by market risk are mainly the Group's loans and receivables and short-term deposits.

i. **Interest rate risk**
The Group places surplus funds with its Group Corporate bankers on short term basis. The transaction is strictly between the bank and the Group at a fixed interest rate paid upfront and not affected by fluctuations in rates during the tenor. Each fixed deposit is covered by a certificate of deposit issued by the bank.

ii. **Foreign currency risk**
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (i.e.when revenue/expense and asset/liabilities are denominated in a different currency from the Group's functional currency), the Group's exposure for the reporting periods shown is mainly due to related party receivables and payables denominated in foreign currencies.

The Group manages its foreign currency risk by converting its transactions denominated in foreign currency to its functional currency on the date of receipt of invoice and records any exchange gain or loss on settlement of the invoice as they arise, without hedging. The Group invoices goods to its foreign third party in the functional currency - the Nigerian Naira (NGN). The Group's foreign currency risk is mainly as a result of exposure to the GBP and USD and arises predominantly as a result of amounts receivable and payable to related parties.

	Liabilities		Assets	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
USD	4,256,863	8,831,276	272,780	341,333
GBP	-	-	-	-
others	858,018	26,951	-	-

Notes to the consolidated and separate financial statements

29 Financial risk management objectives and policies (cont'd)

The following table details the Group's sensitivity to a 10% increase/decrease in Naira against relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis includes loans to foreign related parties within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or borrower.

	USD IMPACT		GBP IMPACT		OTHERS	
	2016	2015	2016	2015	2016	2015
	N'000	N'000	N'000	N'000	N'000	N'000
Profit or loss	425,686	883,128	(27,278)	(34,133)	85,802	2,695

The only subsidiary (Winster Pharmaceuticals) does not have any balances denominated in foreign currencies

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and cash and short term deposit, including deposits with banks, amount due from related parties and staff loans.

The Group manages employee loans by ensuring that each employee does not exceed a loan greater than one-third of his or her net pay, and only employees who meet this requirement receives a loan facility from the Company. Additionally, any employee granted a loan in excess of the above limit must have a staff benefit (defined benefit) as collateral.

In respect of bank balances, the Group maintains balances in Agusto & Co rated banks. "

	Credit rating by counter party						
	Unrated	AAA	A	B+	AA-	A+	Total
Group	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash in bank and short term deposits (2016)	62,004	640,017	2,604,461	6,430,882	5,477,909	-	**15,215,273**
Cash in bank and short term deposits (2015)	-	-	745,253	-	1,352,235	1,538,835	**3,636,323**
Company	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash in bank and short term deposits (2016)	62,004	640,017	2,396,500	6,430,833	5,477,909	-	**15,007,262**
Cash in bank and short term deposits (2015)	-	-	539,292	-	1,352,186	1,538,836	**3,430,314**

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment, the Group uses a single credit rating for all its customers. Outstanding customer receivables are regularly monitored by the credit control unit and management conducts frequent reviews. Any shipments to major customers are generally within the credit limits approved by management based on the independent risk assessment of each customer. The credit terms to customers is short to ensure adequate monitoring and early detection of delinquency. At 31 December 2016, the Group had 62 customers. One customer owed the Group N1.58billion which represents 62% of the Group's total trade receivables. The customer's debt is covered by a bank guarantee from a reputable bank. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers operate in largely independent industries and are located in different jurisdictions.

The directors are of the opinion that there is no credit risk in relation to related party receivables. The Group is in total control of all decisions made by the subsidiary. Historically the parent company has not defaulted in fulfilling its obligations to the Group. Monthly reconciliation and confirmation of balances are carried out with all related parties.

Credit quality policies and procedures as well as management's assessment of the quality of financial assets is the same for all periods presented, except where shown otherwise."

Notes to the consolidated and separate financial statements

29 Financial risk management objectives and policies (cont'd)

Liquidity risk

The Group monitors its risk to shortage of funds using a recurring liquidity planning tool. The objective is to maintain a balance between working capital and medium term business expansion funding requirements. Access to sources of short and medium term funding is sufficiently available and the Group has secured adequate overdraft facilities with its bankers which have rarely been utilised.

Group

	On demand N'000	3 to 12 months N'000	Total N'000
As at 31 December 2016			
Other current financial liabilities	-	-	-
Trade and other payables	4,448,879	4,728,977	9,177,856
	4,448,879	**4,728,977**	**9,177,856**

	On demand N'000	3 to 12 months N'000	Total N'000
As at 31 December 2015			
Other current financial liabilities	-	-	-
Trade and other payables	3,512,895	12,212,875	15,725,770
	3,512,895	**12,212,875**	**15,725,770**

Company

	On demand N'000	3 to 12 months N'000	Total N'000
As at 31 December 2016			
Other current financial liabilities	-	-	-
Trade and other payables	3,947,034	5,228,014	9,175,048
	3,947,034	**5,228,014**	**9,175,048**

	On demand N'000	3 to 12 months N'000	Total N'000
As at 31 December 2015			
Other current financial liabilities	-	-	-
Trade and other payables	3,512,269	12,210,704	15,722,973
	3,512,269	**12,210,704**	**15,722,973**

All financial assets (trade and other receivables, and cash and short term deposits) are classified as loans and receivables.

All financial liabilities (trade and other payables) are classified as financial liabilities at amortised cost.

Notes to the consolidated and separate financial statements

29 Financial risk management objectives and policies (cont'd)

Financial instrument fair value estimation

a) Financial instrument fair value estimation

The Group holds a number of financial assets.

Fair values of financial assets and financial liabilities
Financial assets utilised by the Group during the years ended 31 December 2016 and 31 December 2015, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

Current assets and liabilities – Financial instruments/assets included within current assets and liabilities (excluding cash) are generally short-term in nature and accordingly their fair values approximate to their book values.

Cash – The carrying value of cash approximates to its fair value because of its short-term nature.

In deriving the fair value, the financial instruments/assets are classified as level 1, 2 or 3 depending on the valuation method applied in determining their fair value.

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

"Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)"

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

b) Financial liabilities and assets
Set out below is a comparison by category of the carrying values and fair values of all the Group's financial assets and financial liabilities as at 31 December 2016 and 31 December 2015. None of the financial assets and liabilities has been reclassified during the year.

	2016 Carrying amount and fair value N'000	2015 Carrying amount and fair value N'000
Loans and receivables		
- Cash and bank balances	15,215,273	3,638,323
- Trade and other receivables (excluding non financial assets)	2,469,468	5,112,898
	17,684,741	**8,751,221**
Financial liabilities		
- Trade and other payables (except non financial liabilities)	**5,285,400**	**14,284,032**

Notes to the consolidated and separate financial statements

30 Financial risk management objectives and policies

Capital management
Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within a reasonable level. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	GROUP		COMPANY	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Trade and other payables (Note 24)	9,177,856	15,725,770	9,175,048	15,722,963
Less: cash and bank balances (Note 20)	15,215,273	3,638,323	15,007,263	3,430,314
	(6,037,417)	12,087,447	(5,832,215)	12,292,649
Equity	17,044,415	13,185,214	16,853,678	12,994,477
Capital and net debt	11,006,998	25,272,661	11,021,463	25,287,126
Gearing ratio (Cap to Zero)	-	48%	-	49%

Notes to the consolidated and separate financial statements

31 Fair Value of Financial Instrument

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

32 Events after the reporting date

The Court of Appeal in GlaxoSmithkline Consumer Nigeria Plc & Anor Vs CPL Industries Ltd delivered a judgement on the 6 of March 2017. The Court set aside the award of N700m as special damages and reduced the general damages from N500m to N50m. It should be noted that this judgement does not have any material effect on the Company for the reason stated in Note 28.

There were no other events occurring after the reporting period that could have a material effect on the state of affairs of the Group as at 31 December 2016 which have not been adequately provided for or disclosed in these financial statements.

33 Financial commitments

The Company has no financial commitment as at the year ended 31st December, 2016 (2015: Nil).

34 Comparative figures

Certain comparative figures have been regrouped to align with current year and income statement for the prior year has been separated into continuing and discontinuing operations in line with the current year presentation.

Other national disclosure
Consolidated and separated statement of value added

	GROUP				COMPANY			
	2016 N'000		2015 N'000	%	2016 N'000		2015 N'000	%
Turnover	14,384,785		15,391,585		14,384,785		15,391,585	
Investment income	171,556		17,033		171,556		17,033	
	14,556,341		15,408,618		14,556,341		15,408,618	
Bought-in-materials								
- Local	(5,765,566)		(5,807,994)		(5,765,566)		(5,771,630)	
- Imported	(6,568,314)		(6,616,649)		(6,568,314)		(6,569,821)	
	(12,333,880)		(12,424,643)		(12,333,880)		(12,341,451)	
Value added	**2,222,461**	**100**	**2,983,975**	**100**	**2,222,461**	**100**	**3,067,167**	**100**
Applied as follows:								
Employees								
Salaries and benefits	1,733,669	78	1,540,475	52	1,733,669	78	1,540,475	50
Provider of funds								
Interest	108	-	1,040	-	108	-	1,040	-
Government								
Taxation	288,376	13	41,436	1	288,376	13	41,436	2
The Future								
Depreciation	302,793	14	376,859	13	302,793	14	376,859	12
Profit or loss account	2,378,145	107	873,134	29	2,378,145	107	956,326	31
Deferred tax (credit)/charge	(2,480,630)	(112)	151,031	5	(2,480,630)	(112)	151,031	5
	2,222,461	**100**	**2,983,975**	**100**	**2,222,461**	**100**	**3,067,167**	**100**

Value added represents the additional wealth which the Group and Company have been able to create by its own and its subsidiary's effort. The Statement shows the allocation of that wealth to employees, government, providers of funds and that retained for future creation of more wealth. This statement is based on continuing operations.

Other national disclosure
Five years financial summary

The Group					
As at 31 December	**2016**	**2015**	**2014**	**2013**	**2012**
Assets employed	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets	2,761,731	13,874,242	13,419,394	12,121,857	8,835,060
Net current assets	14,282,986	1,319,560	1,352,659	2,310,388	3,447,089
Deferred taxation liability	-	(1,839,343)	(1,692,834)	(1,950,422)	(1,490,927)
Retirement benefits	(302)	(169,245)	(130,975)	(136,109)	(128,162)
	17,044,415	**13,185,214**	**12,948,244**	**12,345,714**	**10,663,060**
Financed by					
Share capital	597,939	597,939	478,351	478,351	478,351
Share premium	51,395	51,395	51,395	51,395	51,395
Retained earnings	16,395,081	12,535,880	12,418,498	11,815,968	10,133,314
	17,044,415	**13,185,214**	**12,948,244**	**12,345,714**	**10,663,060**
Turnover and Profit (a)					
Turnover	14,384,785	15,391,585	30,521,127	29,183,675	25,308,159
Gross profit	8,966,411	5,425,772	10,801,472	11,602,050	10,227,698
Profit before interest charges and taxation	185,999	1,066,641	2,757,331	4,315,342	4,171,816
Interest charges	(108)	(1,040)	(5,115)	(514)	(151)
Profit before taxation	185,891	1,065,601	2,752,216	4,314,829	4,171,665
Taxation	2,192,254	(192,467)	(903,374)	(1,395,659)	(1,348,139)
Profit after taxation (a)	**2,378,145**	**873,134**	**1,848,842**	**2,919,170**	**2,823,526**
Profit before taxation as a percentage of turnover	1.3%	6.9%	9.0%	14.8%	16.5%
Proposed dividend***	358,761	358,761	717,526	1,243,712	1,243,712
Dividend per share (kobo)	30	30	75	130	130
Earnings per share (kobo)	199	96	193	305	295

*** Proposed dividend represents dividend for the current year but declared and paid during the following year.

(a) - Turnover and profit for 2016 and 2015 do not include discontinued operations.

Other national disclosure
Five years financial summary

The Company

Assets employed	**2016 N'000**	**2015 N'000**	**2014 N'000**	**2013 N'000**	**2012 N'000**
Non-current assets	2,761,891	13,874,402	13,419,554	12,122,017	8,835,220
Net current assets	14,092,089	1,128,663	1,170,483	2,146,521	3,286,496
Deferred taxation liability	-	(1,839,343)	(1,692,834)	(1,950,422)	(1,490,927)
Retirement benefits	(302)	(169,245)	(130,975)	(136,109)	(128,162)
	16,853,678	**12,994,477**	**12,766,228**	**12,182,007**	**10,502,627**
Financed by					
Share capital	597,939	597,939	478,351	478,351	478,351
Share premium	51,395	51,395	51,395	51,395	51,395
Revaluation reserve	-	-	-	-	-
Retained earnings	16,204,344	12,345,143	12,236,482	11,652,261	9,972,881
	16,853,678	**12,994,477**	**12,766,228**	**12,182,007**	**10,502,627**
Turnover and Profit (a)					
Turnover	14,384,785	15,391,585	30,521,127	29,183,675	25,127,000
Gross profit	8,966,411	5,425,772	10,801,472	11,602,050	10,136,222
Profit before interest charges and taxation	185,999	1,057,920	2,739,022	4,312,070	4,070,838
Interest charges	(108)	(1,040)	(5,115)	(514)	(151)
Profit before taxation	185,891	1,056,880	2,733,907	4,311,556	4,070,687
Taxation	2,192,254	(192,467)	(903,374)	(1,395,659)	(1,315,825)
Profit for the year	**2,378,145**	**864,413**	**1,830,533**	**2,915,897**	**2,754,862**
Profit before taxation as a percentage of turnover	17%	6%	6%	10%	11%
Proposed dividend***	358,761	358,761	717,526	1,243,712	1,243,712
Dividend per share (kobo)	30	30	75	130	120
Earnings per share (kobo)	199	96	193	305	295

*** Proposed dividend represents dividend for the current year but declared and paid during the following year.

(a) - Turnover and profit for 2016 and 2015 do not include discontinued operations.