GLAXOSMITHKLINE CONSUMER NIGERIA PLC

CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

GlaxoSmithKline Consumer Nigeria Plc

Consolidated and separate statement of profit or loss and other comprehensive income
For the period ended 31 March 2017

		GROUP			COMPANY		
Continuing operations	**Notes**	**Three months ended 31 March, 2017 N'000**	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**	**Three months ended 31 March, 2017 N'000**	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**
Revenue	5	3,849,988	14,384,785	4,152,496	3,849,988	14,384,785	4,152,496
Cost of sales		(2,896,156)	(5,418,374)	(2,848,367)	(2,896,156)	(5,418,374)	(2,848,372)
Gross profit		953,832	8,966,411	1,304,129	953,832	8,966,411	1,304,124
Investment income	7	249,965	171,556	1,574	249,965	171,556	1,574
Other gains and losses	8	28,472	(5,999,708)	44,240	28,472	(5,999,708)	44,240
Selling and distribution costs	6a	(716,381)	(2,255,043)	(722,415)	(716,381)	(2,255,043)	(722,415)
Administrative expenses	6a	(524,150)	(1,182,078)	(459,928)	(524,150)	(1,182,078)	(459,928)
Royalty fee recovery/(expense)		-	484,861	-	-	484,861	-
Finance costs	11	-	(108)	(84)	-	(108)	(84)
Profit before tax		(8,262)	185,891	167,516	(8,262)	185,891	167,511
Income tax credit/(expense)	12.1	-	2,192,254	(51,930)	-	2,192,254	(51,930)
Profit after tax for the year from continuing operations		(8,262)	2,378,145	115,586	(8,262)	2,378,145	115,581
Discontinued operations							
(Loss)/profit after tax from discontinued operations	10	-	(1,406,387)	72,721	-	(1,406,387)	72,721
Profit after tax from the disposal of drinks business	10.2	-	3,229,339	-	-	3,229,339	-
Total profit after tax for the year		**(8,262)**	**4,201,097**	**188,307**	**(8,262)**	**4,201,097**	**188,302**
Other comprehensive income net of income tax:							
Items that will not be reclassified to profit or loss:							
Remeasurement loss on post employment benefit obligations	21	-	11,504	-	-	11,504	-
Income tax effect		-	(3,451)	-	-	(3,451)	-
Other comprehensive income for the year, net of tax		**-**	**8,053**	**-**	**-**	**8,053**	**-**
Total comprehensive income for the year, net of tax		**(8,262)**	**4,209,150**	**188,307**	**(8,262)**	**4,209,150**	**188,302**
Profit for the year attributable to:							
Shareholders of the Company		(8,262)	4,201,097	188,307	(8,262)	4,201,097	188,302
Non-controlling interest			-			-	
		(8,262)	4,201,097	**188,307**	**(8,262)**	4,201,097	**188,302**
Total comprehensive income for the year attributable to:							
Shareholders of the Company		(8,262)	4,209,150	188,307	(8,262)	4,209,150	188,302
Non-controlling interest		-	-	-	-	-	-
		(8,262)	4,209,150	**188,307**	**(8,262)**	4,209,150	**188,302**
Basic and diluted earnings per share (Kobo)							
From continuing operations	13	(1)	199	10	(1)	199	10
From continuing and discontinuing operations	13	(1)	351	16	(1)	351	16

GlaxoSmithKline Consumer Nigeria Plc
Consolidated and separate statement of financial position
For the period ended 31 March 2017

		GROUP			COMPANY		
	Notes	**Three months ended 31 March, 2017 N'000**	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**	**Three months ended 31 March, 2017 N'000**	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**
Assets							
Non-current assets							
Property, plant and equipment	14	2,046,609	2,112,922	13,708,242	2,046,609	2,112,922	13,708,242
Investment in subsidiary	15	-	-	-	160	160	160
Deferred tax asset	12.3	637,836	637,836	-	637,836	637,836	-
Other assets	18	-	10,973	140,029	-	10,973	140,029
		2,684,445	2,761,731	13,848,271	2,684,605	2,761,891	13,848,431
Current assets							
Inventories	16	5,104,594	4,440,834	6,758,775	5,104,590	4,440,834	6,758,775
Trade and other receivables	17	5,735,240	5,374,710	6,151,860	7,171,523	5,374,710	6,151,860
Other assets	18	175,018	396,531	185,314	175,018	396,531	185,314
Cash and bank balances	19	15,020,391	15,215,273	7,080,707	14,812,381	15,007,263	6,872,697
		26,035,243	25,427,348	20,176,656	27,263,511	25,219,338	19,968,646
Total assets		**28,719,688**	**28,189,079**	**34,024,927**	**29,948,116**	**27,981,229**	**33,817,077**
Equity and liabilities							
Equity							
Issued share capital	20.1	597,939	597,939	597,939	597,939	597,939	597,939
Share premium	20.2	51,395	51,395	51,395	51,395	51,395	51,395
Retained earnings		16,386,820	16,395,081	12,724,187	16,196,082	16,204,344	12,533,445
Total equity		17,036,154	17,044,415	13,373,521	16,845,416	16,853,678	13,182,779
Non-current liabilities							
Retirement benefits obligations	21	302	302	177,708	302	302	177,708
Deferred tax liability	12.3	-	-	1,843,865	-	-	1,843,865
Total non-current liabilities		302	302	2,021,573	302	302	2,021,573
Current liabilities							
Trade and other payables	22	9,770,579	9,177,856	18,139,612	11,204,049	9,175,048	18,136,808
Income tax payable	12.2	1,912,654	1,966,506	490,220	1,898,349	1,952,201	475,916
Total current liabilities		11,683,233	11,144,361	18,629,832	13,102,398	11,127,249	18,612,724
Total liabilities		11,683,535	11,144,663	20,651,406	13,102,700	11,127,551	20,634,298
Total equity and liabilities		**28,719,688** `	**28,189,079**	**34,024,927**	**29,948,116**	**27,981,229**	**33,817,077**

Mr. Dayanand Thandalam Sriram
Managing Director
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Mr. Nelson A. Sanni FCA
Head, Corporate Reporting
FRC/2013/ICAN/00000004921

GlaxoSmithKline Consumer Nigeria Plc
Consolidated and Separate statement of changes in equity
For the period ended 31 March 2017

Group	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2016	597,939	51,395	12,535,880	13,185,214
Profit for the period	-	-	188,307	188,307
At 31 March 2016	597,939	51,395	12,724,187	13,373,521
At 1 January 2016	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
Profit for the period	-	-	(8,262)	(8,262)
At 31 March 2017	597,939	51,395	16,386,820	17,036,154

Company	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2016	597,939	51,395	12,345,143	12,994,477
Profit for the period	-	-	188,302	188,302
At 31 March 2016	597,939	51,395	12,533,445	13,182,779
At 1 January 2016	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
Profit for the period	-	-	(8,262)	(8,262)
At 31 March 2017	597,939	51,395	16,196,082	16,845,416

GlaxoSmithKline Consumer Nigeria Plc
Consolidated and separate statement of cash flows
For the period ended 31 March 2017

		GROUP			COMPANY		
	Notes	**Three months ended 31 March, 2017 N'000**	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**	**Three months ended 31 March, 2017 N'000**	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**
Cash flows from operating activities							
Profit for the year		(8,262)	4,201,097	188,307	(8,262)	4,201,097	188,302
Adjustment for:							
Income tax expense recognised in profit or loss		-	(518,766)	84,601	-	(518,766)	84,601
Depreciation of property, plant and equipment	14	74,929	705,225	362,110	74,929	705,225	362,110
Gain on disposal of property, plant and equipment	8	(2,122)	(12,791)	(1,650)	(2,122)	(12,791)	(1,650)
Interest on term deposits	7	(249,965)	(181,051)	(1,574)	(249,965)	(181,051)	(1,574)
Exchange loss		-	-	3,968	-	-	3,968
Unrealised exchange loss/(gain) on operating activity	8	(35,496)	2,484,225	(53,884)	(35,496)	2,484,225	(53,884)
Finance costs recognised in profit or loss	11	-	307	84	-	307	84
Net charge on defined benefit obligations		-	168,943	8,463	-	168,943	8,463
Impairment of property, plant and equipment			-	-		-	
Impairment of trade receivables	6	15,086	341,033	182,531	15,086	341,033	182,531
Working capital adjustments:							
(Increase)/Decrease in inventories		(663,762)	2,977,404	659,463	(663,763)	2,977,404	659,463
Decrease/(increase) in trade receivables		(375,616)	520,522	(98,126)	(1,811,899)	520,522	(98,126)
(Increase)/decrease in prepayments		232,487	(121,959)	(39,798)	232,487	(121,959)	(39,798)
(Decrease)/increase in trade and other payables		628,221	(9,017,381)	2,467,724	2,064,504	(9,017,382)	2,467,724
		(384,500)	1,546,808	3,762,220	(384,502)	1,546,808	3,762,214
Cash paid out to fund retirment benefit							
Defined benefit obligation paid		-	(133,948)			(133,948)	
Income tax paid	12	(53,851)	(402,048)	-	(53,851)	(402,048)	-
Net cash generated by operating activities		(438,351)	1,010,812	3,762,220	(438,353)	1,010,812	3,762,214
Cash flows from investing activities							
Proceeds from sale of property, plant and equipment		2,122	12,095,087	1,839	2,122	12,095,087	1,839
Interest received	7	249,965	181,051	1,574	249,965	181,051	1,574
Purchase of property, plant and equipment	14	(8,616)	(1,149,101)	(319,197)	(8,616)	(1,149,101)	(319,197)
Net cash flows generated by/(used in) investing activities		243,471	11,127,037	(315,784)	243,471	11,127,037	(315,784)
Cash flows from financing activities							
Special dividend paid to shareholders of the Company			(355,907)	-		(355,907)	-
Interest paid	11	-	(307)	(84)		(307)	(84)
Dividends paid to shareholders of the Company			(192,223)	-		(192,223)	-
Net cash flows used in financing activities		-	(548,437)	(84)		(548,437)	- 84.00
Net increase in cash and cash equivalents		(194,881)	11,589,412	3,446,352	(194,882)	11,589,410	3,446,351
Cash and cash equivalents at 1 January		15,215,273	3,638,323	3,638,323	15,007,263	3,430,314	3,430,314
Exchange loss on cash and cash equivalents		-	(12,462)	(3,968)		(12,462)	(3,968)
Cash and cash equivalents at 31 March & December	19	**15,020,392**	**15,215,273**	**7,080,707**	**14,812,381**	**15,007,263**	**6,872,697**

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 period ended 31 March 2017 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 March 2017 comprise those of the Company only.

These consolidated and separate financial statements for the period ended 31 March 2017 have been approved for issue by the directors.

2.0 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.

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[2]
IFRS 15	Revenue from Contracts with Customers (and related clarifications)[2]
IFRS 16	Leases[3]
Amendments to IFRS 2	Classification and Measurement of share-based Payment Transactions[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 7	Disclosure Initiative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised losses[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on of after 1 January 2019, with earlier application permitted.
4 Effective fro annual periods beginning on or after a date to be determined

(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.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2017 on basis of the facts and circumstances that exist at that date, the directors of the Company have performed a preliminary assessment of the impact of IFRS 9 to the Group's consolidated and separate financial statement as follows:

(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

(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 these 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.

(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 director 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 director 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

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.

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.

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.

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.

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.

(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.

(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

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.

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.

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.

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.

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.

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

	Group & Company		
	Three months ended 31 March, 2017 N'000	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**
Revenue from the sale of goods	3,849,988	14,384,785	4,152,496
Revenue from rendering of service	-	-	-
	3,849,988	**14,384,785**	**4,152,496**

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.

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.

Three months ended 31 March, 2017	**Consumer Healthcare**	**Pharmaceuticals**	**Total**
	N'000	**N'000**	**N'000**
Segment results			
Revenue	1,350,183	2,499,805	3,849,988
Cost of sales	(875,338)	(2,020,818)	(2,896,156)
EBITDA*	(274,322)	65,052	(209,270)
Depreciation & amortisation	(77,429)	-	(77,429)
Operating profit	(351,751)	65,052	(286,698)
Other expenses	56,296	(27,824)	28,472
Investment income	249,964	-	249,964
Finance cost	-	-	-
Profit/(loss) before tax	**(45,491)**	**37,228**	**(8,262)**

* Represents earnings before interest and, tax, depreciation & amortisation

Segment assets & liabilities

Non-current assets excluding deferred tax	2,046,609	-	2,046,609
Net additions to non-current assets, excluding deferred tax	-	-	-
Tota non current assets excluding deferred tax	2,046,609	-	2,046,609
Current assets	20,654,925	5,380,318	26,035,243
Total asset excluding deferred tax	**22,701,534**	**5,380,318**	**28,081,852**
Segment liabilities excluding deferred tax	**11,550,292**	**133,242**	**11,683,535**

31 December 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 & amortisation	(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 cost	(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
Tota non current assets excluding deferred tax	2,123,894	-	2,123,894
Current assets	22,179,933	3,247,416	25,427,349
Total asset 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**

Three months ended 31 March, 2016	**Consumer Healthcare**	**Pharmaceuticals**	**Total**
	N'000	**N'000**	**N'000**
Segment results			
Revenue	1,330,676	2,821,820	4,152,496
Cost of sales	(783,589)	(2,064,778)	(2,848,367)
EBITDA*	(16,658)	230,199	213,541
Depreciation & amortisation	(91,754)	-	(91,754)
Operating (loss)/profit	(108,412)	230,199	121,787
Other (loss)/income	81,815	(37,576)	44,239
Investment income	1,574	-	1,574
Finance cost	(84)	-	(84)
Profit/(loss) before tax	**(25,108)**	**192,623**	**167,516**

* Represents earnings before interest and, tax, depreciation & amortisation

Segment assets & liabilities			
Non-current assets excluding deferred tax	13,708,242	-	13,708,242
Net additions to non-current assets, excluding deferred tax	140,029	-	140,029
Tota non current assests excluding deferred tax	13,848,271	-	13,848,271
Current assets	18,334,247	1,842,410	20,176,656
Total asset excluding deferred tax	**32,182,518**	**1,842,410**	**34,024,927**
Segment liabilities excl deferred tax	**18,657,188**	**150,352**	**18,807,541**

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

5.3 Other segment information

	GROUP AND COMPANY		
	Depreciation and Amortisation		
	Three months ended 31 March, 2017	**31 December 2016**	**Three months ended 31 March, 2016**
	N'000	**N'000**	**N'000**
- Consumer healthcare	77,429	302,733	91,754
- Pharmaceuticals	-	-	-
	77,429	**302,733**	**91,754**

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

	Group & Company		
	Three months ended 31 March, 2017	**31 December 2016**	**Three months ended 31 March, 2016**
	N'000	**N'000**	**N'000**
Payroll costs	280,112	1,835,482	541,155
Electricity, fuel & utility	21,281	77,606	19,283
Repairs and maintenance	1,345	22,481	- 11,382
Repairs and maintenance - vehicles	8,092	69,231	16,825
Repairs and maintenance -others	13,287	121,550	7,892
Insurance	7,569	40,664	5,692
Depreciation	42,227	218,198	66,550
Rent and rates	12,586	180,543	61,187
Security & facility expenses	10,084	58,650	24,255
Canteen expenses	0	167	- 154
Freight cost	59,956	773,517	225,272
Travel and expenses	50,779	163,605	71,854
Telecom cost	18,142	165,300	76,210
Audit fees	6,000	28,000	5,294
Consultancy	26,899	139,015	34,591
Advert and promotion	177,408	1,190,659	490,879
Laboratory supplies	-	-	- 1,541
Bank charges	10,172	52,235	5,749
Postage	332	6,677	443
Other office supplies	3,103	16,506	4,602
Other business expenses	100,816	214,179	55,660
Inter-departmental allocation	375,255	1,248,731	420,977
Impairment of receivables	15,086	341,032	182,531
	1,240,531	**6,964,028**	**2,303,823**
	1,240,531		

	Group & Company		
	Three months ended 31 March, 2017	**31 December 2016**	**Three months ended 31 March, 2016**
6a Expense by nature have been disclosed in the statement of comprehensive income as follows:	**N'000**	**N'000**	**N'000**
Selling and distribution	(716,381)	(2,255,043)	(722,415)
Administrative expenses	(524,150)	(1,182,078)	(459,928)
Discontinued operations	-	(3,526,907)	(1,121,480)
	(1,240,531)	**(6,964,028)**	**(2,303,823)**

		GROUP & COMPANY		
		Three months ended 31 March, 2017 N'000	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**
7	**Investment income**			
	Interest income on short-term deposits	249,965	171,556	1,574
		249,965	**171,556**	**1,574**
8	**Other gains and losses**			
	Profit/(loss) from sale of property, plant and equipment	2,122	12,791	1,650
	Income from sale of obsolete items as scrap	-	-	(939)
	Realised exchange foreign exchange gain/(losses)	(0)	(3,697,589)	(1,095)
	Unrealised foreign exchange (losses)/gains	35,496	(2,484,225)	53,884
	Other sundry (expense)/ income	(9,146)	169,315	(9,261)
		28,472	**(5,999,708)**	**44,240**
9	**Profit before tax**			
	Profit before tax from continuing operation has been arrived at after charging/(crediting):			
	Audit fees	6,000	28,000	5,294
	Impairment on receivables	15,086	341,033	182,531
	Depreciation	74,929	302,733	66,550
	Net foreign exchange loss	35,496	6,181,814	52,789
10	**Discontinued operations**			
	Revenue	-	9,731,698	3,491,638
	Cost of sales	-	(8,316,181)	(2,366,927)
	Gross profit	-	1,415,517	1,124,711
		-		
	Operating expenses	-	(3,526,907)	(1,121,480)
		-	-	
		-	(2,111,390)	3,231
		-		
	Investment income	-	9,495	4,129
	Other gains and losses	-	(34,711)	98,254
	Royalty fee recovery/(expense)	-	730,418	0
	Finance costs	-	(199)	(222)
	Tax	-	-	(32,671)
	(Loss)/profit after tax from discontinued operations	**-**	**(1,406,387)**	**72,721**

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**	**Three months ended 31 March, 2017 N'000**	**31 December 2016 N'000**	**Three months ended 31 March, 2016 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**	**-**
11	**Finance costs**			
	Interest on bank loans and overdrafts	**-**	**(108)**	**(84)**

12 Taxes

Statement of financial position:	GROUP			COMPANY		
	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000
12.1 Income statement:						
Current income tax:	-	215,573	-	-	215,573	-
Company income tax	-	19,470	50,891	-	19,470	50,891
Education tax	-	53,333	1,039	-	53,333	1,039
Tax arising from prior year	-	288,376	51,930	-	288,376	51,930
Deferred tax:						
Relating to origination and reversal of temporary differ	-	(2,480,630)	-	-	(2,480,630)	-
Total income tax (credit)/ expense recognised in the current year relating to continuing operations	**-**	**(2,192,254)**	**51,930**	**-**	**(2,192,254)**	**51,930**
12.2 Current tax liabilities:						
At 1 January	1,966,506	410,141	405,619	1,952,201	395,836	391,315
Tax charge/(income) in income statement:						
Tax on continuing operations (Note 13.1)	-	288,376	84,601	-	288,376	84,601
Tax on discontinued operations (Note 10)	-	1,670,037	-	-	1,670,037	-
	1,966,506	2,368,554	490,220	1,952,201	2,354,249	475,916
Company income tax paid	(41,158)	(361,659)	-	(41,158)	(361,659)	
Education tax paid	(12,693)	(40,389)	-	(12,693)	(40,389)	
At 31 March & December	**1,912,654**	**1,966,506**	**490,220**	**1,898,349**	**1,952,201**	**475,916**

12.3 Deferred tax balances:

Reflected in the statement of financial position as follows:

Deferred tax assets	(637,836)	(637,836)		(637,836)	(637,836)	
Deferred tax liabilities		-	1,843,865		-	1,843,865
Deferred tax (asset)/liabilities	**(637,836)**	**(637,836)**	**1,843,865**	**(637,836)**	**(637,836)**	**1,843,865**

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			COMPANY		
		Three months ended 31 March, 2017 N'000	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**	**Three months ended 31 March, 2017 N'000**	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**
13	**Earnings per share**						
	Net profit attributable to ordinary equity holders of the parent from continuing operations	(8,262)	2,378,145	115,586	(8,262)	2,378,145	115,581
	Net profit attributable to ordinary equity holders of the parent from continuing and discontinued operations	(8,262)	4,201,097	188,307	(8,262)	4,201,097	188,302
	Weighted average number of ordinary shares for basic earnings per share	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876
	Basic and diluted earnings per share (kobo)- continuing operations	(1)	199	10	(1)	199	10
	Basic and diluted earnings per share (kobo)- continuing and discontinued operations	(1)	351	16	(1)	351	16

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.

14	**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 2016	633,591	2,488,303	12,113,897	2,610,357	1,492,920	822,178	20,161,247
	Additions	-	-	16,646	265,936	1,543	35,071	319,197
	Transfers	-	-	-	-	-	-	-
	Impairment	-	-	-	-	-	-	-
	Disposals	-	-	(774)	-	(6,811)	(12,836)	(20,421)
	At 31 March 2016	**633,591**	**2,488,303**	**12,129,769**	**2,876,293**	**1,487,652**	**844,413**	**20,460,023**
							-	
	At 1 January 2016	633,591	2,488,303	12,113,897	2,610,357	1,492,920	822,178	20,161,246
	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)	(271,978)	(205,133)	(16,480,323)
	Disposals - others	-	-	(857)	(25,626)	(22,090)	(126,997)	(175,570)
	At 31 December 2016	**462,509**	**457,338**	**1,507,130**	**421,697**	**1,257,899**	**547,879**	**4,654,454**
	Additions	-	-	-	-	-	8,616	8,616
	Transfers	-	-	-	-	-	-	-
	Impairment	-	-	-	-	-	-	-
	Disposals	-	-	-	-	-	-	-
	At 31 March 2017	**462,509**	**457,338**	**1,507,130**	**421,697**	**1,257,899**	**556,495**	**4,663,070**
	Depreciation:							
	At 1 January 2016	118,737	259,248	4,907,415	-	664,172	460,333	6,409,904
	Charge for the year	2,679	13,366	285,686	-	22,479	37,900	362,110
	Disposals	-	-	(586)	-	(6,811)	(12,836)	(20,233)
	At 31 March 2016	**121,416**	**272,614**	**5,192,515**	**-**	**679,840**	**485,397**	**6,751,781**
	At 1 January 2015	118,737	259,248	4,907,415	-	664,172	460,333	6,409,905
	Charge for the year	9,526	24,904	478,400	-	67,825	124,570	705,225
	Impairment	- 15,207	- 183,683	(3,951,013)	-	- 165,684	- 110,159	(4,425,746)
	Disposals	-	-	- 857	-	(19,998)	(126,997)	(147,852)
	At 31 December 2016	**113,056**	**100,469**	**1,433,945**	**-**	**546,315**	**347,746**	**2,541,533**
	Charge for the period	1,967	2,688	33,065	-	12,568	24,640	74,929
	Disposals - others	-	-	-	-	-	-	-
	At 31 March 2017	**115,023**	**103,156**	**1,467,011**	**-**	**558,884**	**372,387**	**2,616,461**
	Net book value:							
	At 31 March 2017	**347,486**	**354,182**	**40,120**	**421,697**	**699,016**	**184,109**	**2,046,609**
	At 31 December 2016	**349,453**	**356,869**	**73,185**	**421,697**	**711,584**	**200,133**	**2,112,922**
	At 31 March 2016	**514,854**	**2,229,056**	**7,206,483**	**2,610,358**	**828,748**	**361,846**	**13,708,242**

	GROUP & COMPANY		
14.1 Depreciation	**Three months ended 31 March, 2017**	**31 December 2016**	**Three months ended 31 March, 2016**
Continuing opetations	74,929	302,733	91,754
Discontinued operation	-	402,492	270,356
	74,929	**705,225**	**362,110**

	GROUP			COMPANY		
15 Investment in subsidiary	**Three months ended 31 March, 2017**	**31 December 2016**	**Three months ended 31 March, 2016**	**Three months ended 31 March, 2017**	**31 December 2016**	**Three months ended 31 March, 2016**
Investment in subsidiary		-	-	**160**	**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		
	Three months ended 31 March, 2017	**31 December 2016**	**Three months ended 31 March, 2016**	**Three months ended 31 March, 2017**	**31 December 2016**	**Three months ended 31 March, 2016**
16 Inventories	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Raw materials and consumables	789,757	742,743	2,330,163	789,757	742,743	2,330,163
Work in progress	39,326	13,977	46,104	39,326	13,977	46,104
Finished goods	4,217,782	3,569,456	3,890,109	4,217,778	3,569,456	3,890,109
Engineering spares	57,728	114,658	492,399	57,728	114,658	492,399
Total inventories	**5,104,594**	**4,440,834**	**6,758,775**	**5,104,590**	**4,440,834**	**6,758,775**

	GROUP			GROUP		
	Three months ended 31 March, 2017			**Three months ended 31 March, 2016**		
	Consumer	**Pharma**	**Total**	**Consumer**	**Pharma**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
16.1 Inventories - By Segment						
Raw materials and consumables	356,307	433,450	789,757	1,998,896	331,267	2,330,163
Work in progress	39,326	-	39,326	46,104	-	46,104
Finished goods	1,043,216	3,174,566	4,217,782	1,278,968	2,611,142	3,890,109
Engineering spares	57,728	-	57,728	492,399	-	492,399
	1,496,578	**3,608,016**	**5,104,594**	**3,816,366**	**2,942,409**	**6,758,775**

	GROUP		
	AUDITED 2016		
	Consumer	**Pharma**	**Total**
	N'000	**N'000**	**N'000**
Inventories - By Segment			
Raw materials and consumables	742,743	-	742,743
Work in progress	13,977	-	13,977
Finished goods	1,164,740	2,404,716	3,569,456
Engineering spares	114,658	-	114,658
	2,036,118	**2,404,716**	**4,440,834**

		GROUP			COMPANY		
		Three months ended 31 March, 2017	**31 December 2016**	**Three months ended 31 March, 2016**	**Three months ended 31 March, 2017**	**31 December 2016**	**Three months ended 31 March, 2016**
		N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
17 Trade and other receivables							
Trade receivables	(Note 17.1)	2,661,579	2,469,468	5,460,142	2,661,579	2,469,468	5,460,142
Receivables from related parties	(Note 23)	155,823	169,539	47,007	1,591,386	169,539	47,007
Employee loans and advances		158,764	163,596	289,608	158,764	163,596	289,608
Advances to suppliers		-	-	16,473	-	-	16,473
Due from Lucozade Ribena Suntory (Note 17.2)		1,442,795	1,442,795	-	1,442,795	1,442,795	-
Transitional service fee and distributor contract recovery		416,532	556,249	-	416,532	556,249	-
Others	O	899,748	573,064	338,630	900,468	573,063	338,630
		5,735,240	**5,374,710**	**6,151,860**	**7,171,523**	**5,374,710**	**6,151,860**

17.1 Trade receivables

	GROUP AND COMPANY		
	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000
Trade receivables	2,737,825	2,530,628	5,897,157
Impairment loss	(76,247)	(61,160)	(437,015)
	2,661,579	**2,469,468**	**5,460,142**

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		
	Three months ended 31 March, 2017	31 December 2016 N'000	Three months ended 31 March, 2016 N'000
61-90 days	49,428	4,061	996,428
Average days	60	57	59
Movement in the allowance for doubtful debts			
Balance at beginning of the year	61,160	380,697	380,697
Additional provision	38,576	894,204	(198,759)
Recoveries	(23,490)	(557,001)	16,228
Write offs	-	(656,740)	126,212
Balance at the end of the year	**76,247**	**61,160**	**324,379**
Age of impaired trade receivables			
91-180 days	20,742	26,918	310,912
>180 days	55,505	34,242	13,467
	76,247	**61,160**	**324,379**

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

	GROUP AND COMPANY		
	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000
18 Other assets			
Prepayment of manufacturing raw materials	46,742	208,301	234,456
Prepaid rent	68,699	111,269	50,379
Prepaid insurance	19,157	32,043	38,338
Other prepayments	40,420	55,891	2,170
	175,018	**407,504**	**325,343**
Current	175,018	396,531	185,314
Non Current	-	10,973	140,029
	175,018	**407,504**	**325,343**

19 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 period 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		
	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000
Cash at bank:						
Current account balances	3,845,649	3,966,704	7,024,634	3,637,638	3,758,694	6,816,623
Short term deposit (45-60 days)	9,057,615	7,613,688	56,074	9,057,615	7,613,688	56,074
Restricted Cash (Note 20.1)	2,117,128	3,634,880	-	2,117,128	3,634,881	-
	15,020,391	**15,215,273**	**7,080,707**	**14,812,381**	**15,007,263**	**6,872,697**

20 Issued capital and share premium

	GROUP			COMPANY		
Authorised shares	Three months ended 31 March, 2017	31 December 2016	Three months ended 31 March, 2016	Three months ended 31 March, 2017	31 December 2016	Three months ended 31 March, 2016
	Thousands	**Thousands**	**Thousands**	**Thousands**	**Thousands**	**Thousands**
Ordinary shares of 50k each	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Ordinary shares of 50k each	750,000	750,000	750,000	750,000	750,000	750,000
20.1 Ordinary shares issued and fully paid	**Thousands**	**Thousands**	**Thousands**	**Thousands**	**Thousands**	**Thousands**
Ordinary shares of 50k each	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Ordinary shares of 50k each	**597,939**	**597,939**	**597,939**	**597,939**	**597,939**	**597,939**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
20.2 Share premium	**51,395**	**51,395**	**51,395**	**51,395**	**51,395**	**51,395**

21 Retirement benefit obligations

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		
	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000
Net benefit expense (recognised in administrative expenses)						
Current service cost	-	12,539	8,463	-	12,539	8,463
Plan amendment	-	-	-	-	-	-
Interest cost on benefit obligation	-	19,625	-	-	19,625	-
Net benefit expenses	-	32,164	8,463	-	32,164	8,463
Changes in the present value of the defined benefit obligation						
Benefit liability						
Defined benefit obligation as at 1 January	302	169,245	169,245	302	169,245	169,245
Current service cost	-	12,539	8,463	-	12,539	8,463
Interest cost	-	19,625	-	-	19,625	-
Benefits paid	-	(133,948)	-	-	(133,948)	-
Benefit awaiting disbursement	-	(4,122)	-	-	(4,122)	-
Plan amendment	-	-	-	-	-	-
Fair value of plan assets	-	(51,533)	-	-	(51,533)	-
	302	11,806	177,708	302	11,806	177,708
Remeasurement loss :						
-arising from changes in assumption	-	(2,079)	-	-	(2,079)	-
-arising from experience	-	(9,425)	-	-	(9,425)	-
	-	(11,504)	-	-	(11,504)	-
Defined benefit obligation at 31 December	**302**	**302**	**177,708**	**302**	**302**	**177,708**

22 Trade and other payables

		GROUP			COMPANY		
		Three months ended 31 March, 2017	31 December 2016	Three months ended 31 March, 2016	Three months ended 31 March, 2017	31 December 2016	Three months ended 31 March, 2016
		N'000	N'000	N'000	N'000	N'000	N'000
Trade payables		170,366	134,378	3,653,633	170,293	133,590	3,653,531
Amounts due to related parties	(Note 23)	5,662,200	5,151,022	13,110,955	7,097,763	5,151,022	13,110,955
Unclaimed dividends		1,132,981	631,136	642,221	1,132,981	631,136	642,221
Unpaid dividend due to related parties		-	501,845	-	-	501,845	-
Other payables		54,113	266,355	645,617	54,113	266,356	645,617
Accruals		2,750,918	2,493,120	87,186	2,748,898	2,491,099	84,484
		9,770,579	**9,177,856**	**18,139,612**	**11,204,049**	**9,175,048**	**18,136,808**

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

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.

23 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 March 2017, 31 December 2016 and 31 March 2016.

	GROUP AND COMPANY			GROUP & COMPANY					
	Purchases from related parties			Amounts owed by related parties			Amounts owed to related parties		
	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000
Subsidiary:									
Winster Pharmaceuticals Limited:	-	-	-	-	-	-	-	-	-
Other sister companies:									
GSK Pharmaceutical Nigeria Limited	-	-	-	-	-	-	403,584	548,241	1,196,885
GSK Biological Manufacturing Limited	10,738	18,461	-	-	-	-	22,474	31,971	91,672
GSK Consumer Trading Services Cerp	-	-	408,625	-	-	-	-	-	66,906
GlaxoSmithkline Dungravan	-	-	-	-	-	-	895,128	920,252	613,466
GlaxoSmithkline Export Limited UK	2,090,833	5,374,002	1,437,891	-	-	-	3,784,767	3,151,625	-
GlaxoSmithKline Consumer Trading	194,362	1,634,039	-	-	-	-	-	-	871,043
GlaxoSmithkline Uk Ltd Ph	-	-	-	-	-	-	65,254	66,576	9,974,809
GlaxoSmithkline Limited, Kenya	-	-	-	25,144	25,654	41,475	-	-	-
Gw South Africa Pty	-	-	-	-	-	-	16,471	16,473	-
GSK CTS Uk	-	-	-	-	-	-	103,217	106,114	-
GSK OPS UK Area	-	-	-	-	18,324	-		-	-
Inter Com - GlaxoSmithkline South Africa	-	5,576	5,576	-	125,561	-	-	-	15,733
GlaxoSmithKline Consumer Healthcare Pte.	-	7,945	-	130,679	-	-	-	26,409	-
Glaxo Group Limited - Corporate	-	-	-	-	-	5,532	-	-	-
SB CORP - GlaxoSmithkline Clifton	-	-	-	-	-	-	-	-	3,570
SB CORP	-	-	-	-	-	-	-	-	-
GSK Healthcare Singapore	-	-	-	-	-	-	-	-	-
GSK Pet Ltd Singapore	-	-	-	-	-	-		-	-
GlaxoSmithKline Services Unlimited	-	-	-	-	-	-	371,305	283,361	275,579
GlaxoSmithKline Inc (Canada PH)	-	-	-	-	-	-	-	-	1,292
Total	**2,295,932**	**7,040,023**	**1,852,092**	**155,823**	**169,539**	**47,006**	**5,662,200**	**5,151,022**	**13,110,955**

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

	GROUP			COMPANY		
	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000	Three months ended 31 March, 2017 N'000	31 December 2016 N'000	Three months ended 31 March, 2016 N'000
Receivable from related parties:						
Local	-	-	-	-	-	-
Foreign	155,823	169,539	47,006	155,823	169,539	47,006
	155,823	**169,539**	**47,006**	**155,823**	**169,539**	**47,006**
Payable to related parties:						
Local	403,584	548,241	1,196,885	403,584	548,241	1,196,885
Foreign	5,258,616	4,602,781	11,914,070	6,694,179	4,602,781	11,914,070
	5,662,200	**5,151,022**	**13,110,955**	**7,097,763**	**5,151,022**	**13,110,955**

There were no sales to related parties for the period ended 31 March 2017 (2016: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 period end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: 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.

24 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.

25 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.

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.

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.

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 period ended 31 March 2017.

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		
	Three months ended 31 March, 2017 N'000	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**	**Three months ended 31 March, 2017 N'000**	**31 December 2016 N'000**	**Three months ended 31 March, 2016 N'000**
Trade and other payables (Note 24)	9,770,579	9,177,856	18,139,612	11,204,049	9,175,048	18,136,808
Less: cash and bank balances (Note 20)	15,020,391	15,215,273	7,080,707	14,812,381	15,007,263	6,872,697
	(5,249,813)	(6,037,417)	11,058,905	(3,608,332)	(5,832,216)	11,264,111
Equity	17,036,154	17,044,415	13,373,521	16,845,416	16,853,678	13,182,779
Capital and net debt	11,786,341	11,006,998	24,432,425	13,237,084	11,021,462	24,446,890
Gearing ratio (Cap to Zero)		**-**	**45%**		**-**	**46%**

26 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.

27 Financial commitments
The Company has no financial commitment as at the year ended 31st March, 2017.

28 Comparative figures
The figures for the period under review excludes the discontinued drinks business transferred to Suntory Beverage & Food Nigeria Limited as at 30 September, 2016, while the prior year has been separated into continuing and discontinued operations.