GLAXOSMITHKLINE CONSUMER NIGERIA PLC

UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2019

GlaxoSmithKline Consumer Nigeria Plc

Unaudited Consolidated and Separate Statement of Profit or Loss and other Comprehensive Income
For the three months ended 30 June 2019

	GROUP AND COMPANY			
	April - June 2019	**Jan - June 2019**	**April - June 2018**	**Jan - June 2018**
	N'000	**N'000**	**N'000**	**N'000**
Revenue	4,950,612	9,964,484	4,379,576	8,593,948
Cost of sales	(3,004,676)	(6,542,515)	(3,340,657)	(6,342,817)
Gross profit	1,945,936	3,421,969	1,038,919	2,251,131
Investment income	52,716	110,051	259,447	316,489
Other gains and losses	(368,512)	(532,988)	95,820	405,618
Selling and distribution costs	(947,919)	(1,748,481)	(882,775)	(1,540,878)
Administrative expenses	(301,356)	(719,045)	(363,177)	(915,137)
Profit before tax	380,865	531,506	148,234	517,223
Income tax expense	(111,247)	(159,452)	(44,470)	(155,167)
Total profit after tax for the period	**269,618**	**372,054**	**103,764**	**362,056**
Profit for the period attributable to:				
Shareholders of the Company	269,618	372,054	103,764	362,056
Non-controlling interest				
	269,618	372,054	103,764	362,056
Total comprehensive loss for the period attributable to:				
Shareholders of the Company	269,618	372,054	103,764	362,056
Non-controlling interest				
	269,618	372,054	103,764	362,056
Basic and diluted earnings per share (Kobo)				
From continuing operations	22	31	8	30
From continuing and discontinuing operations	22	31	8	30

GlaxoSmithKline Consumer Nigeria Plc
Unaudited consolidated and separate statement of financial position
For the period ended 30 June 2019

		GROUP			COMPANY		
	Notes	**Six months ended 30 June, 2019 N'000**	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**	**Six months ended 30 June, 2019 N'000**	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
Assets							
Non-current assets							
Property, plant and equipment	12	2,279,508	2,358,860	2,299,691	2,279,508	2,358,860	2,299,691
Investment in subsidiary	13	-	-	-	160	160	160
Other assets	16	-	2,883	-	-	2,883	-
		2,279,508	2,361,743	2,299,691	2,279,668	2,361,903	2,299,851
Current assets							
Inventories	14	4,982,233	3,938,707	4,395,554	4,982,233	3,938,707	4,395,554
Right of return of asset		-	30,738	-	-	30,738	-
Trade and other receivables	15	4,775,014	5,740,325	4,609,541	4,572,489	5,740,325	4,610,261
Other assets	16	199,738	97,731	505,527	199,738	97,731	505,527
Cash and bank balances	17	3,685,436	3,388,944	4,825,322	3,684,487	3,388,944	4,616,173
Assets classified as asset held for sale		141,868	141,868	-	141,868	141,868	-
		13,784,289	13,338,313	14,335,944	13,580,815	13,338,313	14,127,515
Total assets		**16,063,797**	**15,700,056**	**16,635,635**	**15,860,483**	**15,700,216**	**16,427,366**
Equity and liabilities							
Equity							
Issued share capital	18.1	597,939	597,939	597,939	597,939	597,939	597,939
Share premium	18.2	51,395	51,395	51,395	51,395	51,395	51,395
Retained earnings		7,957,564	8,183,448	7,915,736	7,775,973	8,001,857	7,723,866
Total equity		8,606,898	8,832,782	8,565,070	8,425,307	8,651,191	8,373,200
Non-current liabilities							
Deferred tax liability	10.2	107,085	107,085	-	107,085	107,085	-
Total non-current liabilities		107,085	107,085	-	107,085	107,085	-
Current liabilities							
Trade and other payables	20	6,903,053	6,244,359	7,838,371	6,896,894	6,434,732	7,830,499
Contract liabilities	20.1	203,371	225,000	-	203,371	225,000	-
Refund liabilities	20.2	9,486	58,475	-	9,486	58,475	-
Income tax payable	10.1	233,904	232,355	232,194	218,340	223,733	223,667
Total current liabilities		7,349,814	6,760,189	8,070,565	7,328,091	6,941,940	8,054,166
Total liabilities		7,456,899	6,867,274	8,070,565	7,435,176	7,049,025	8,054,166
Total equity and liabilities		**16,063,797** `	**15,700,056**	**16,635,635**	**15,860,483**	**15,700,216**	**16,427,366**

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 25 July 2019 and signed on its behalf by:

Mr. Edmund C. Onuzo
Chairman
FRC/2015/IODN/00000011038

Mr. Olukunle Adewusi
Finance Compliance Manager
FRC/2018/ICAN/00000018754

GlaxoSmithKline Consumer Nigeria Plc
Unaudited consolidated and separate statement of changes in equity
For the period ended 30 June 2019

Group	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2018	597,939	51,395	16,522,753	17,172,088
Profit for the period	-	-	362,056	362,056
Payment of dividends	-	-	(8,969,073)	(8,969,073)
At 30 June 2018	597,939	51,395	7,915,736	8,565,071
At 1 January 2018	597,939	51,395	16,522,753	17,172,088
Adjustment on initial application of IFRS 9, net of tax	-	-	43,170	43,170
Adjustment on initial application of IFRS 15 net of tax	-	-	(21,512)	(21,512)
	597,939	51,395	16,544,411	17,193,746
Profit for the year	-	-	617,624	617,624
Other comprehensive income	-			
Total comprehensive income	-	-	617,624	617,624
Payment of dividend		-	(8,969,073)	(8,969,073)
Adjustment to subsidiary company***	-	-	(9,514)	(9,514)
At 31 December 2018	597,939	51,395	8,183,448	8,832,783
At 1 January 2019	597,939	51,395	8,183,448	8,832,783
Profit for the period	-	-	372,054	372,054
Payment of dividends	-	-	(597,938)	(597,938)
At 30 June 2019	597,939	51,395	7,957,564	8,606,899

Company	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2018	597,939	51,395	16,330,883	16,980,217
Profit for the period	-	-	362,056	362,056
Payment of dividends	-	-	(8,969,073)	(8,969,073)
At 30 June 2018	597,939	51,395	7,723,866	8,373,200
At 1 January 2018	597,939	51,395	16,330,883	16,980,217
Adjustment on initial application of IFRS 9, net of tax	-	-	43,170	43,170
Adjustment on initial application of IFRS 15 net of tax	-	-	(21,512)	(21,512)
	597,939	51,395	16,352,541	17,001,875
Profit for the year	-	-	618,389	618,389
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	618,389	618,389
Payment of dividends	-	-	(8,969,073)	(8,969,073)
At 31 December 2018	597,939	51,395	8,001,857	8,651,191
At 1 January 2019	597,939	51,395	8,001,857	8,651,191
Profit for the period	-	-	372,054	372,054
Dividend Payment	-	-	(597,938)	(597,938)
At 30 June 2019	597,939	51,395	7,775,973	8,425,307

GlaxoSmithKline Consumer Nigeria Plc
Unaudited consolidated and separate statement of cash flows
For the period ended 30 June 2019

		GROUP			COMPANY		
	Notes	Six months ended 30 June, 2019 N'000	31 December 2018 N'000	Six months ended 30 June, 2018 N'000	Six months ended 30 June, 2019 N'000	31 December 2018 N'000	Six months ended 30 June, 2018 N'000
Cash flows from operating activities							
Profit for the year		372,054	617,624	362,056	372,054	618,386	362,056
Adjustment for:							
Income tax expense recognised in profit or loss		166,394	542,530	155,167	166,394	542,435	155,167
Depreciation of property, plant and equipment	12	169,040	377,724	210,356	169,040	377,724	210,356
Gain on disposal of property, plant and equipment	8	(1,475)	(5,716)	(4,467)	(1,475)	(5,716)	(4,467)
Interest on term deposits	7	(110,051)	(380,537)	(316,489)	110,051	(379,410)	(316,489)
Unrealised exchange loss/(gain) on operating activity	8	417,833	412,026	(671,716)	417,833	412,026	(671,716)
Net impairment of trade and other receivables	6	(29,416)	(14,723)	(47,210)	(29,416)	(14,723)	(47,210)
Working capital adjustments:							
(Increase)/Decrease in inventories		(1,012,788)	(570,281)	(1,027,128)	(1,012,789)	(570,281)	(1,027,128)
Decrease/(increase) in trade receivables		994,726	1,149,047	2,248,833	1,197,252	1,149,047	2,248,112
(Increase)/decrease in prepayments		(99,124)	593,334	188,422	(99,124)	593,334	188,421
Increase in contract liabilities		(21,629)	108,122	-	(21,629)	108,122	-
Increase in right of return of assets		(48,989)	(12,686)	-	(48,989)	(12,686)	-
Increase in refundable liabilities		-	24,126	-	-	24,126	-
(Decrease)/increase in trade and other payables		240,861	(3,157,354)	(735,978)	37,387	(2,948,876)	(735,257)
		1,037,436	(316,764)	361,846	1,256,589	(106,492)	361,845
Income tax paid	10	(164,845)	(305,647)	-	(164,845)	(305,647)	-
Net cash generated by operating activities		872,591	(622,411)	361,846	1,091,744	(412,136)	361,845
Cash flows from investing activities							
Proceeds from sale of property, plant and equipment		1,475	36,385	2,386	1,475	36,385	2,386
Interest received	7	110,051	380,537	316,489	(110,051)	379,410	316,489
Purchase of property, plant and equipment	12	(89,687)	(597,129)	(195,974)	(89,687)	(597,129)	(195,974)
Net cash flows generated by investing activities		21,839	(180,207)	122,901	(198,263)	(181,334)	122,901
Cash flows from financing activities							
Special dividend paid to shareholders of the Company		-	-	(8,490,723)	-	-	(8,490,723)
Final dividends paid to shareholders of the Company		(597,938)	(8,969,074)	(478,351)	(597,938)	(8,969,074)	(478,351)
Net cash flows used in financing activities		(597,938)	(8,969,074)	(8,969,074)	(597,938)	(8,969,074)	(8,969,074)
Net increase in cash and cash equivalents		296,492	(9,771,692)	(8,484,327)	295,543	(9,562,544)	(8,484,328)
Cash and cash equivalents at 1 January		3,388,944	13,309,649	13,309,649	3,388,944	13,100,501	13,100,501
Exchange loss on cash and cash equivalents		- `	(149,013)	-	-	(149,013)	-
Cash and cash equivalents at 30 June & 31st December	17	3,685,436	3,388,944	4,825,322	3,684,487	3,388,944	4,616,173

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 30 June 2019 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 period ended 30 June 2019 comprise those of the Company only.

These consolidated and separate financial statements for the period ended 30 June 2019 have been approved for issue by the directors on July 25, 2019.

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 2017.

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 2017.

Ammedments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments.

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

The amendments clarify the following:

1. Unrealised losses on a debit instruments measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's hold expects to recover the carrying amount of the debt instruments by sale or by use, or wether it is pobable that the issuer will pay all the contractual cash flow:

2. When an entity asseses whether taxable profits 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 specific type (e.g capital losses can only be set of against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary difference of that type, but seperately from other types of dedutible temporary differences;

3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and

4. In evaluating whether suffecient future taxable profits are available, an entity should compare the deductible temporary difference with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary difference.

The amendments apply retrospectively.

Amendments to IFRS 12 Disclosure of interest in other entities

The 2014-2016 Annual Improvements Cycle includes amendments to a number of IFRSs, one of which is effective for annual periods beginning on or after 1 January 2017. See section on *New and revised IFRSs that are not mandatorily effective (but allow early application),* for a summary of the other amendments included in this package that are not yet effective

Standard	***Subject of amendments***	***Details***
IFRS 12 *Disclosure of interest in other entities*	Clarification of the scope of the Standard	IFRS 12 states that an entity need not provide summarised financcial information for interests in subsidiaries, associated or joint ventures that are classified(or included in a disposal that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirments of IFRS 12 for such interests The amendments apply retrospectively

2.2 ***New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 2017***

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

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers (and related clarifications)[1]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and Measurement of share-based Payment Transactions[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 40	Transfer of investment Property[1]
Annual improvements to IFRS Standards	2014-2016 cycle[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

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

The IASB has also issued Amendments to IFRS 4* *'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts',*** *which is effective for the annual periods beginning on or after 1 January 2018; however, it is not applicable to GlaxoSmithkline Consumer Nigeria Plc as the Group does not issue any insurance contracts.*

(i) IFRS 9 Financial Instruments (as revised in 2014)

In July 2014. the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for:
(a) the classification and measurment of financial assets and financial liabilities,
(b) impairment methodology, and
(c) general hedge accounting, IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date

Phase 1: Classification and measurement of financial assets and financial liabilities
With respect to the classification and measurment, the number of categories of financial assets under IFRS 9 has been reducedl; all recognised financial assets are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instruments that (i) is held within the business model whose objective is achieved both by collecting contractual cash flows and selling financial asset and (ii) has contractual term give rise on specifiied dates to cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at FVTOCI, unless the asset is designed at FVTPL under the fair value option.
- all other debt instruments must be measured at FVTPL.
- all equity investment are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investments is not held for trading, nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit and loss.

IFRS 9 also contains requirements for the classification and measurement of financial liablities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change 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 credit risk are not subsequent reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented i profit or loss

Phase 2: Impairment of financial asset.
The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit loss under IAS 39. Under the impairement approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting
The general hedge accounting requirments of IFRS 9 retain the three types of the hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the type of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as 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 no longer required. Far more disclosure requirements about and entity's risk managment activities have been introduced.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirementys in IFRS 9 at the same time except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; AND

2. hedge accounting, for which an entity may choose to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

IFRS 9 contains specific transitions provisions for (i) classification and measurement of financial assets; (ii) impairements of financial assets; and (iii) hedge accounting.
Although GSK continues to assess the impact of IFRS 9, it does not expect that the new impairment approach will have a material impact on the result of the Group.

(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. It supersede the following revenue Standards and interpretations upon its effective date:

- IAS 18 Revenue;
- IAS 11 Construction contract
- IFRIC 13 Customer Loyalty Programme
- IFRIC 15 Agreements for the Construction of Real Estate.
- IFRIC 18 Transfer of Assets from Customer; and
- SIC 31 Revenue Barter Transactions Involving Advertising Service

As suggested by the title of the new Revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods aor services that are an output of the entity to obtain goods or services that are an output of the entity's ordinaryf activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer with in the scope of IFRS 15. Instead, they are within the scope of IAS 39 (or IFRS 9 if it is early adopted).

As mentioned above, the new Revenue Standard has a single model to deal with revenue from contract with customers.

It core principle 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.

The new Revenue standard introduces a 5-step approach to revenue recognition and measurment:

- 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

Far more prescriptive guidance has been introduced by the new Revenue standard:

- Whether or not a contract (or combination of contracts) contains more than one promised good and service, and if so when and how the promised goods or service should be unbundled.

- Whether the transaction price allocated to each perfomance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services';rather, the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.

- Whether the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contigency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue-that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue is recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

- When costs incurred to obtain a contract and cost to fulfil a contract can be recognised as an asset. Extensive disclosure are also required by the new Standard.

IFRS 15, together with the clarifications thereto issued in April 2016, is effective for reporting periods beginning on or after 1 January 2018 with early application permitted. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the Standard retrospectively only contract that are not completed contract at the date of initial applications (for example, 1 January 2018 for an entity witha 31 December year-end). The *Clarification to IFRS 15* also introduces additional practical expendients for entities transitioning to IFRS on (i) contract modifications that occured prior to the begininning of the earliest period presented and (ii) contracts that were completed at the beginning of the earliest period presented.

Although GlaxoSmithKline Consumer Nigeria Plc continues to assess the impact of IFRS 15, it does not expect that the new standard will have a material impact on the result of the Group.

(iii) IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and their treatments in the financial statements of both leasses and lessors.It will supersede the following lease Standard and Interpretations upon its effective date:

- IAS 17 *Leases;*
- IFRIC 4 *Determining whether an Arrangement contains a Lease*
- SIC-15 *Operating Leases-Incentives; and*
- SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

Identification of a lease
IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contract on the basis of whether there is and identified asset controllled by the coustomer. Control is considered to exitst if the customer has:

a) the right to obtain substantially all of the economic benefits from the use of an identified asset and
b) the right to direct the use of that asset.

The Standard provides detailed guidance to determine whether those conditions are met, including instances where the supplier has substantive rights and where the relevant decisions about how and for what purpose the asset is used are predetermined.

Lessee accounting
IFRS 16 introduces significant changes to lessee accounting it removes the distinction between operating and finance leases under IAS 17 and requires lessee to recognise a right-of-use asset and a lease liability a lease commencement for all leases, except for short-term lease 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 remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the date. Subsequently, the lease liability is adjusted for interest and lease payements, as well as the impact of lease modifications, among others.

If a lessee elect not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low values assets, the lessee should recognise the lease payments associated with those leases as an expense on the either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating leases

Lessor accounting
In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, which continue to require a lessor to classify a lease either as an operating lease or a finance lease.

In addition, IFRS 16 also provides guidance on the accounting for sale and leaseback transactions. Extensive disclosure are also required by the new Standard.

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, an entity is not required to restate the comparative information and the cumulative effect of initially applying IFRS 16 must be presented as an adjustment to opening retained earning (or other component of equity as appropriate)

IFRS 16 is required to be implemented by the Group from 1 January 2019. The Group is assessing the potential impact of the new standard.

(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 an 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 (typically in cash), 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 instrument granted to the extent that services have been rendered up to the modification date; and
(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 amendments are effective for annual reporting periods beginning on after 1 January, 2018 with earlier application permitted. Specific transaction provisions apply. The Directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated and separate financial statements as the Group does not have any cash-settled share-based payments arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

(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.

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associates or joint venture.

- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- 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 fomer 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.

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Earlier application of these amendments is still permitted. The Directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated and separate financial statements.

(vi) Amendments to IAS 40 Transfer of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occured. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under constuctions (i.e. change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provision apply. The Directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated and separate financial statements.

Annual Improvements to IFRS 2014-2016 Cycle

The annual Improvements include amendments to numbers of IFRSs, which have been summarised below. The package also includes amendments to IFRS 12 *Disclosure of Interest in Other Entities,* which is effective for annual periods beginning on or after 1 January 2017

Standard	**Subject of amendment**	**Details**
IFRS *First-time Adoption of International Financial Reporting Standards*	Deletion of Short-term exceptions for first-time adopters	The amendments delete certain short-term exemption in IFRS 1 because the reporting period to which the exemption applied have already passed. As such, these exemptions are no longer applicable.
IAS 28 *Investments in Associates and Joint Ventures*	Measuring an associate or joint ventures at fair value	The amendments clarify that the options for a venture capital organisation and other similar entities to measure investments in associates and joint venture, and the election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurment applied by its associates and joint ventures that are IEs when applying the equity method the amendments make a similar clarification that this choice is available for each IE associate of IE joint venture. The amendments apply retrospectively with ealier application permitted.

(vii) IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or liability (for example, a non-refundable deposit or deferred revenue).

The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning of after 1 January 2018 with earlier application permitted. Entities can apply the interpretation either retrospectively or prospectively. Specific transition provision apply to prospective application. The Directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated and separate financial statements as the Group

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 the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) that are effective at 31 December, 2017 and the 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 2017.

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

Personal computers (PCs) purchased from 1st January 2013 are not capitalised, while PCs purchased and capitalised before that date continue to be depreciated until the end of their useful life (normally 3 or 4 yrs) in order to align with the ultimate parent company's policy.

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.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases, all other leases are classified as finance leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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 cost, The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. The Group's financial liabilities include only trade and other payables.

Subsequent measurement

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

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss. In the case of trade and other payables, the amortised cost equals the nominal value.

Derecognition

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

(iv) Offsetting of financial instruments

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

3.13 Inventories

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

3.14 Cash and bank balances

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

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.

The scheme was discontinued in the current year (2017) and all outstanding liabilities has been transfered to Pension Fund Administrator as at 31st December 2017.

(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.

2.20 Disposal groups held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

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.
The gratuity plan was discontinued in 2017 and oustanding liabilities transferred to the Pension Funds Adminisitrator as at 31st December 2017

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 central bank of Nigeria or Inter-bank rates.

During the year, the rate available to the company are shown below:
-The CBN rate
-Inter-bank rate and
-The GSK UK Group rate

In translating year end monetary assets and liabilities, inter-bank rates which represents the rate at which the company funded its foreign currency transactions have been utilised.

Royalty

In prior years, royalty accruals were made in the financial statements based on management's best estimate of the amounts it would require to settle the underlying obligations. The Group did not make any royalty accruals in the current financial year due to changes in regulation by the financial reporting council of Nigeria FRCN that accrual are allowed upon prior approval by the National Office for Technology Acquisition and Promotion (NOTAP). In view of the divestment of the drinks business in 2016 which accounted largely for the prior year accruals, the group considered that seeking NOTAP approval will not results to material benefits to the trading parties in the current year.

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

	Group & Company		
	Six months ended 30 June, 2019 N'000	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
Revenue from the sale of goods	9,964,484	18,411,475	8,593,948
Revenue from rendering of service	-	-	-
	9,964,484	**18,411,475**	**8,593,948**

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

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. 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.

Six months ended 30 June, 2019	**Consumer Healthcare**	**Pharmaceuticals**	**Non-Operating income**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Segment results				
Revenue	3,068,806	6,895,678	-	9,964,484
Cost of sales	(1,321,524)	(5,220,991)	-	(6,542,515)
Gross profit	1,747,282	1,674,687	-	3,421,969
Operating expenses	(1,456,893)	(1,010,633)	-	(2,467,526)
Operating (loss)/profit	290,389	664,054	-	954,443
Investment income	-	-	110,051	110,051
Other gains and losses	(154,201)	(512,978)	134,191	(532,988)
Profit/(loss) before tax	**136,188**	**151,076**	**244,242**	**531,506**

Segment assets & liabilities

Non-current assets excluding deferred tax	2,279,508	-		2,279,508
Net additions to non-current assets, excluding deferred tax	-	-		
Total non current assets excluding deferred tax	2,279,508	-	-	2,279,508
Current assets	10,872,276	5,191,521		16,063,797
Total asset excluding deferred tax	**13,151,784**	**5,191,521**	**-**	**18,343,305**
Segment liabilities excluding deferred tax	**7,271,330**	**78,484**	-	7,349,814

31 December 2018	**Consumer Healthcare**	**Pharmaceutical**	**Non-Operating income**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Segment results				
Revenue	6,457,521	11,953,954	-	18,411,475
Cost of sales	(3,355,662)	(8,299,035)	-	(11,654,697)
Gross profit	3,101,859	3,654,919	-	6,756,778
Operating expenses	(3,139,515)	(2,203,322)	-	(5,342,837)
Operating (loss)/profit	(37,656)	1,451,587		1,413,941
Investment income	-	-	380,537	380,537
Other gains and losses	(74,839)	(565,190)	5,715	(634,314)
Profit/(loss) before tax	**(112,495)**	**886,397**	**386,252**	**1,160,164**
Segment assets & liabilities				
Non-current assets excluding deferred tax	2,358,860	-	-	2,358,860
Net additions to non-current assets, excluding deferred tax	2,883	-	-	2,883
Tota non current assets excluding deferred tax	2,361,743	-	-	2,314,920
Current assets	9,135,463	2,056,149	-	24,180,259
Total asset excluding deferred tax	**11,497,206**	**2,056,149**	**-**	**26,495,179**
Segment liabilities excluding deferred tax	**6,430,655**	**329,534**	**-**	**6,760,189**

Six months ended 30 June, 2018	**Consumer Healthcare**	**Pharmaceutical**	**Non-Operating income**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Segment results				
Revenue	3,069,089	5,524,860	-	8,593,949
Cost of sales	(2,102,197)	(4,240,617)	-	(6,342,814)
Gross profit	966,892	1,284,243	-	2,251,135
Operating expenses	(1,283,047)	(1,172,968)		(2,456,015)
Operating (loss)/profit	(316,155)	111,275	-	(204,880)
Investment income	-	-	316,489	316,489
Other gains and losses	15,350	385,797	4,467.00	405,614
Profit/(loss) before tax	**(300,805)**	**497,072**	**320,956**	**517,223**
Segment assets & liabilities				
Non-current assets excluding deferred tax	2,299,691	-	-	2,299,691
Net additions to non-current assets, excluding deferred tax	-	-	-	-
Tota non current assets excluding deferred tax	2,299,691	-	-	2,299,691
Current assets	9,991,466	4,344,478	-	14,335,944
Total asset excluding deferred tax	**12,291,157**	**4,344,478**	**-**	**16,635,635**
Segment liabilities excluding deferred tax	**7,930,416**	**140,149**	**-**	**8,070,565**

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		
	Six months ended 30 June, 2019	**31 December 2018**	**Six months ended 30 June, 2018**
	N'000	**N'000**	**N'000**
- Consumer healthcare	169,040	377,724	210,356
- Pharmaceuticals	-	-	-
	169,040	**357,628**	**210,356**

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

	Group & Company		
	Six months ended 30 June, 2019	31 December 2018	Six months ended 30 June, 2018
	N'000	N'000	N'000
Payroll costs	502,544	1,069,792	518,781
Electricity, fuel & utility	33,265	90,815	33,155
Repairs and maintenance	9,291	15,413	3,282
Repairs and maintenance - vehicles	17,521	31,491	15,210
Repairs and maintenance -others	9,655	7,182	5,654
Insurance	16,603	25,748	9,739
Depreciation	60,767	153,384	65,896
Rent and rates	58,337	66,900	22,081
Security & facility expenses	4,568	20,131	18,551
Canteen expenses	85	137	49
Freight cost	87,486	191,809	68,425
Travel and expenses	30,857	126,114	66,437
Telecom cost	49,401	73,764	41,469
Audit fees	9,605	19,710	8,500
Consultancy	76,762	177,046	56,207
Advert and promotion	647,024	923,408	563,800
Conference	-	87,252	8,427
Bank charges	15,526	5,579	28,513
Postage	1,369	22,113	461
Other business expenses	103,980	327,444	127,787
Inter-departmental allocation	762,296	1,748,712	840,801
Impairment of receivables(recovery)/expense	(29,416)	158,903	(47,210)
	2,467,526	**5,342,847**	**2,456,015**

	Group & Company		
	Six months ended 30 June, 2019	31 December 2018	Six months ended 30 June, 2018
6a Expense by nature have been disclosed in the statement of comprehensive income as follows:	N'000	N'000	N'000
Selling and distribution	1,748,481	3,096,566	1,540,878
Administrative expenses	719,045	2,246,281	915,137
	2,467,526	**5,342,847**	**2,456,015**

GlaxoSmithKline Consumer Nigeria Plc
Notes to the unaudited consolidated and separate financial statements (continued)
For the period ended 30 June 2019

		GROUP			COMPANY		
		Six months ended 30 June, 2019 N'000	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**	**Six months ended 30 June, 2019 N'000**	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
7	**Investment income**						
	Interest income on short-term deposits	110,051	380,537	316,489	110,051	379,410	316,489
		110,051	**380,537**	**316,489**	**110,051**	**379,410**	**316,489**

		Group & Company		
		Six months ended 30 June, 2019 N'000	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
8	**Other gains and losses**			
	Profit from sale of property, plant and equipment	1,476	5,716	4,467
	Realised exchange foreign exchange losses	(53,520)	(350,355)	(230,166)
	Unrealised foreign exchange gains/(losses)	(417,833)	(412,026)	671,716
	Provision no longer required:			
	Trade receivables	-	156,372	-
	Other receivables	-	40,727	-
	Other sundry (expense)/income	(63,111)	(74,748)	(40,399)
		(532,988)	**(634,314)**	**405,618**

9 Expenses by nature

Profit before tax from continuing operation has been arrived at after

Audit fees	9,605	19,210	8,500
Impairment on receivables(recovery)/expense	(29,416)	(14,723)	(47,210)
Depreciation	169,040	377,724	210,356
Net foreign exchange (gain)/ loss	471,353	762,381	(441,550)

10 Taxes

Statement of financial position:

	GROUP			COMPANY		
	Six months ended 30 June, 2019 N'000	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**	**Six months ended 30 June, 2019 N'000**	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
10.1 Current tax liabilities:						
At 1 January	232,355	77,027	77,027	223,733	68,500	68,500
Tax charg in income statement:						
Charge in the current year	159,452	155,328	155,167	159,452	155,233	155,167
Back duty assessment	6,942	305,647	-	-	305,647	-
	398,749	538,002	232,194	383,185	529,380	223,667
Company income tax paid						
Education tax paid	(36,864)	-	-	(36,864)	-	-
Company income tax paid	(127,981)		-	(127,981)	-	-
Back duty assessment	-	(305,647)			(305,647)	
At 30 June & 31st December	**233,904**	**232,355**	**232,194**	**218,340**	**223,733**	**223,667**

10.2 Deferred tax balances:

Reflected in the statement of financial position as follows:

Deferred tax assets	(309,878)	(309,878)		(309,878)	(309,878)	
Deferred tax liabilities	416,963	416,963	-	416,963	416,963	-
Deferred tax (asset)/liabilities	**107,085**	**107,085**	**-**	**107,085**	**107,085**	**-**

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		
	Six months ended 30 June, 2019 N'000	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**	**Six months ended 30 June, 2019 N'000**	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
11 Earnings per share						
Net profit attributable to ordinary equity holders of the parent from continuing operations	372,054	617,624	362,056	372,054	618,389	362,056
Net profit attributable to ordinary equity holders of the parent from continuing and discontinued operations	372,054	617,624	362,056	372,054	618,389	362,056
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	31	52	30	31	52	30
Basic and diluted earnings per share (kobo)-continuing and discontinued operations	31	52	30	31	52	30

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.

12	**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 2018	461,796	526,105	1,849,473	463,708	1,271,476	447,260	5,019,818
	Additions	-	-	-	195,974	-	-	195,974
	Transfers	-	104,715	253,742	(356,376)	-	-	2,081
	Adjustments	-	-	-	-	(252)	(62,487)	(62,739)
	Disposals	-	-	-	-	-	-	-
	At 30 June 2018	**461,796**	**630,820**	**2,103,215**	**303,306**	**1,271,224**	**384,773**	**5,155,134**
							-	
	At 1 January 2018	461,796	526,105	1,849,473	463,708	1,271,476	447,260	5,019,818
	Additions	-	65,068	-	483,153	18,999	29,909	597,129
	Transfers	-	130,226	372,497	(503,435)	712	-	-
	Reclassification of assets held for sale	-	-	(192,020)	-	-	-	(192,020)
	Disposals	-	-	-	-	(2,523)	(59,198)	(61,721)
	At 1 January 2019	**461,796**	**721,399**	**2,029,950**	**443,426**	**1,288,664**	**417,971**	**5,363,206**
	Additions				89,687			89,687
	Transfers		17,918	189,177	(207,095)			-
	Adjustments							-
	Disposals							-
	At 30 June 2019	**461,796**	**739,317**	**2,219,127**	**326,018**	**1,288,664**	**417,971**	**5,452,893**
	Depreciation:							
	At 1 January 2018	120,919	111,440	1,589,937	-	591,734	293,795	2,707,825
	Charge for the year	5,236	12,441	156,277	-	24,598	11,804	210,356
	Disposals	-	-	-	-	-	(49,331)	(49,331)
	Adjustments	-	-	-	-	(252)	(13,156)	(13,408)
	At 30 June 2018	**126,155**	**123,881**	**1,746,214**	**-**	**616,080**	**243,112**	**2,855,442**
	At 1 January 2018	120,919	111,440	1,589,937	-	591,734	293,795	2,707,825
	Charge for the year	8,175	14,064	241,696	-	43,406	70,383	377,724
	Reclassification of assets held for sale	-	-	(50,152)	-	-	-	(50,152)
	Disposals	-	-	-	-	(252)	(30,800)	(31,052)
	At 1 January 2019	**129,094**	**125,504**	**1,781,481**	-	**634,888**	**333,378**	**3,004,345**
	Charge for the period	3,918	8,192	117,234	-	12,949	26,747	169,040
	Disposals - others							-
	Adjustments							
	At 30 June 2019	**133,012**	**133,696**	**1,898,715**	**-**	**647,837**	**360,125**	**3,173,385**
	Net book value:							
	At 30 June 2019	**328,784**	**605,621**	**320,412**	**326,018**	**640,827**	**57,846**	**2,279,508**
	At 31 December 2018	**332,702**	**595,895**	**248,469**	**443,426**	**653,776**	**84,593**	**2,358,861**
	At 30 June 2018	**335,641**	**506,939**	**357,001**	**303,306**	**655,144**	**141,661**	**2,299,692**

		GROUP			COMPANY		
		Six months ended 30 June, 2019	31 December 2018	Six months ended 30 June, 2018	Six months ended 30 June, 2019	31 December 2018	Six months ended 30 June, 2018
13	**Investment in subsidiary**	N'000	N'000	N'000	N'000	N'000	N'000
	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		
		Six months ended 30 June, 2019	31 December 2018	Six months ended 30 June, 2018	Six months ended 30 June, 2019	31 December 2018	Six months ended 30 June, 2018
14	**Inventories**	N'000	N'000	N'000	N'000	N'000	N'000
	Raw materials and consumables	2,083,374	388,380	844,723	2,083,374	388,380	844,723
	Work in progress	71,948	30,075	52,549	71,948	30,075	52,549
	Finished goods	2,741,336	3,375,674	3,456,017	2,741,336	3,375,674	3,456,017
	Engineering spares	85,575	144,578	42,265	85,575	144,578	42,265
	Total inventories	**4,982,233**	**3,938,707**	**4,395,554**	**4,982,233**	**3,938,707**	**4,395,554**

		GROUP			GROUP		
		Six months ended 30 June, 2019			Six months ended 30 June, 2018		
		Consumer	Pharma	Total	Consumer	Pharma	Total
		N'000	N'000	N'000	N'000	N'000	N'000
14.1	**Inventories - By Segment**						
	Raw materials and consumables	2,083,374	-	2,083,374	844,723	-	844,723
	Work in progress	71,948	-	71,948	52,549	-	52,549
	Finished goods	991,782	1,749,554	2,741,336	1,047,915	2,408,102	3,456,017
	Engineering spares	85,575	-	85,575	42,265	-	42,265
		3,232,679	**1,749,554**	**4,982,233**	**1,987,452**	**2,408,102**	**4,395,554**

	GROUP		
	31 December 2018		
	Consumer	Pharma	Total
	N'000	N'000	N'000
Inventories - By Segment			
Raw materials and consumables	388,380	-	388,380
Work in progress	30,075	-	30,075
Finished goods	929,614	2,446,060	3,375,674
Engineering spares	144,578	-	144,578
	1,492,647	**2,446,060**	**3,938,707**

		GROUP			COMPANY		
		Six months ended 30 June, 2019	31 December 2018	Six months ended 30 June, 2018	Six months ended 30 June, 2019	31 December 2018	Six months ended 30 June, 2018
		N'000	N'000	N'000	N'000	N'000	N'000
15	**Trade and other receivables**						
	Trade receivables	4,350,966	3,285,797	3,319,327	4,350,966	3,285,797	3,319,327
	Receivables from related parties	227,932	2,295,530	1,130,718	25,407	2,295,530	1,130,718
	Employee loans and advances	56,273	73,992	75,978	56,273	73,992	75,978
	Other receivables (	139,843	85,006	83,518	139,843	85,006	84,238
		4,775,014	**5,740,325**	**4,609,541**	**4,572,489**	**5,740,325**	**4,610,261**

15.1 Trade receivables

	GROUP AND COMPANY		
	Six months ended 30 June, 2019 N'000	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
Trade receivables	4,404,417	3,362,023	3,409,299
Impairment loss	(53,451)	(76,226)	(89,971)
	4,350,966	**3,285,797**	**3,319,328**

Trade receivables are non-interest bearing and are generally on 53-56 days 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, 3.97% is made on doubtful debts with invoices overdue for 181 to 360 days bracket, 0.704% is made on invoices with 91 to 180 days, 0.162% on invoices overdue for 61 to 90days bracket and 0.025% for invoices below 61days

Age of receivables that are past due but not impaired:

	GROUP AND COMPANY		
	Six months ended 30 June, 2019 N'000	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
Movement in the allowance for doubtful debts			
Balance at 1 January	(76,226)	(137,180)	137,180
Adjustment upon application of IFRS 9	-	63,485	82,919
Additional provision	(37,932)	(58,903)	(130,128)
Recoveries	60,707	56,372	-
Write offs	-	-	-
	(53,451)	**(76,226)**	**89,971**
Balance at the end of the year			
Age of impaired trade receivables			
91-180 days	12,784	35,079	9,644
>180 days	40,667	41,147	48,098
	(53,451)	**76,226**	**57,742**

15.2 Other receivables	**Six months ended 30 June, 2019 N'000**	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
Other receivables	-	67,752	-
Impairment loss for the year	-	17,254	-
Bad debt written offs	-	-	-
	-	**85,006**	**-**

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

	GROUP AND COMPANY		
	Six months ended 30 June, 2019 N'000	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
16 Other assets			
Advance to Vendor	15,071	25,555	359,738
Prepaid rent	149,418	52,757	108,923
Prepaid insurance	30,993	22,289	31,185
Other prepayments	4,256	13	5,681
	199,738	**100,614**	**505,527**
Current	199,738	97,731	505,527
Non Current	-	2,883	-
	199,738	**100,614**	**505,527**

17 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		
	Six months ended 30 June, 2019 N'000	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**	**Six months ended 30 June, 2019 N'000**	**31 December 2018 N'000**	**Six months ended 30 June, 2018 N'000**
Cash at bank:						
Current account balances	1,811,593	1,888,944	4,059,641	1,810,644	1,888,944	3,850,492
Short term deposit (45-60 days)	1,000,000	1,500,000	-	1,000,000	1,500,000	-
Restricted Cash	873,843	-	765,681	873,843	-	765,681
	3,685,436	**3,388,944**	**4,825,322**	**3,684,487**	**3,388,944**	**4,616,173**

18 Issued capital and share premium

	GROUP			COMPANY		
Authorised shares	**Six months ended 30 June, 2019**	**31 December 2018**	**Six months ended 30 June, 2018**	**Six months ended 30 June, 2019**	**31 December 2018**	**Six months ended 30 June, 2018**
	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
18.1 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**
18.2 Share premium	**51,395**	**51,395**	**51,395**	**51,395**	**51,395**	**51,395**

19 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		
		Six months ended 30 June, 2019	**31 December 2018**	**Six months ended 30 June, 2018**	**Six months ended 30 June, 2019**	**31 December 2018**	**Six months ended 30 June, 2018**
20 Trade and other payables		**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade payables		682,792	494,189	823,709	682,072	493,397	823,709
Amounts due to related parties	(Note 21)	3,284,003	3,500,724	3,911,389	3,284,003	3,705,084	3,905,610
Unclaimed dividends		860,846	583,305	977,687	860,846	583,305	977,687
Pension payables		-	-	-	-	-	-
Other payables		311,738	255,732	489,374	311,665	247,808	489,302
Accruals		1,763,674	1,410,409	1,636,212	1,758,308	1,405,138	1,634,191
		6,903,053	**6,244,359**	**7,838,371**	**6,896,894**	**6,434,732**	**7,830,499**

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.

20.1 Contract Liabilities

	GROUP AND COMPANY		
	Six months ended 30 June, 2019	**31 December 2018**	**Six months ended 30 June, 2018**
	N'000	**N'000**	**N'000**
Advance from customers	6,984	10,149	-
Trade incentives	196,387	214,851	-
	203,371	**225,000**	**-**

20.2 Right of return assets and refund liabilities

Right to returned goods asset	-	30,738	-
Refund liabilities arising from rights of return	9,486	58,475	**-**

21 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 30 June 2019, 31 December 2018 and 30 June 2018.

	GROUP AND COMPANY			GROUP & COMPANY					
	Purchases from related parties			Amounts owed by related parties			Amounts owed to related parties		
	Six months ended 30 June, 2019 N'000	31 December 2018 N'000	Six months ended 30 June, 2018 N'000	Six months ended 30 June, 2019 N'000	31 December 2018 N'000	Six months ended 30 June, 2018 N'000	Six months ended 30 June, 2019 N'000	31 December 2018 N'000	Six months ended 30 June, 2018 N'000
Subsidiary:									
Winster Pharmaceuticals Limited:	-	-		202,525	-	-	-	204,360	-
Other sister companies:									
GSK Pharmaceutical Nigeria Limited	-	-	-		-	-	209,860	257,242	254,218
GSK Biological Manufacturing Limited	-	99,543	13,268		-	-	36,607	36,349	32,165
GSK Consumer Healthcare S.A. Pty Ltd	-	-	-	-	21,333	-		-	-
GlaxoSmithkline Dungravan	-	-	-	-	-	-		-	
GlaxoSmithkline Export Limited UK	4,077,241	8,616,871	2,327,782	-	-	-	2,555,468	2,871,062	3,525,879
GlaxoSmithKline Consumer Trading	962,739	662,113	662,113	-	-	1,088,516	386,639	-	-
GlaxoSmithkline Uk Ltd Ph	-	-	-	-	-	-		-	-
GlaxoSmithkline Limited, Kenya	-	-	-	-	-	31,393		-	-
Gw South Africa Pty	-	-		-	-		20,198	92,186	-
GSK CTS Uk	-	417,353	80,570	-	-		-	243,885	99,126
GSK OPS UK Area	-	-	-	3,718	-	1,375	-	-	-
Inter Com - GlaxoSmithkline South Africa	-	-	-		-		-	-	-
GlaxoSmithKline Consumer Healthcare Pte.	-	-	-	21,689	-	9,434	-	-	-
GSK Pet Ltd Singapore	-	-	-	-	2,247,702	-	-	-	-
P.T. Sterling Products	-	-	-	-	26,076	-	-	-	-
Glaxosmithkline Services Unlimited	-	-	-	-	419	-	75,231	-	-
Total	**5,039,980**	**9,795,880**	**3,083,733**	**227,932**	**2,295,530**	**1,130,718**	**3,284,003**	**3,705,084**	**3,911,388**
				227,932			3,284,003		

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

	GROUP			COMPANY		
	Six months ended 30 June, 2019 N'000	31 December 2018 N'000	Six months ended 30 June, 2018 N'000	Six months ended 30 June, 2019 N'000	31 December 2018 N'000	Six months ended 30 June, 2018 N'000
Receivable from related parties:						
Local	-	-	-	-	-	-
Foreign	227,932	2,295,530	1,130,718	227,932	2,295,530	1,130,718
	227,932	**2,295,530**	**1,130,718**	**227,932**	**2,295,530**	**1,130,718**
Payable to related parties:						
Local	209,860	257,242	254,218	209,860	257,242	254,218
Foreign	3,074,143	3,447,842	3,657,171	3,074,143	3,447,842	3,651,392
	3,284,003	**3,705,084**	**3,911,389**	**3,284,003**	**3,705,084**	**3,905,610**

There were no sales to related parties for the period ended 30 June 2019 (2018: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 30 June 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2018: 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.

22 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. Subsequently, the Court notified parties that judgment will be delivered on Monday 6th March, 2017.

On 6th March 2017 when the Appeal came up for hearing, the Court set aside the judgment of the Federal High Court that awarded the sum of N 700m (Seven Hundred Million) as special damages and reduced the general damages from N 500m (Five Hundred Million) to N 50m (Fifty Million Naira) only.

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.

23 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 30 June 2019.

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		
	31 December 2019 N'000	31 December 2018 N'000	Six months ended 30 June, 2018 N'000	Six months ended 30 June, 2019 N'000	31 December 2018 N'000	Six months ended 30 June, 2018 N'000
Trade and other payables (Note 24)	6,903,053	6,244,359	7,838,371	6,896,894	6,434,732	7,830,499
Less: cash and bank balances (Note 20)	3,685,436	3,388,944	4,825,322	3,684,487	3,388,944	4,616,173
	3,217,617	2,855,415	3,013,049	3,212,407	3,045,788	3,214,326
Equity	8,606,898	8,832,782	8,565,070	8,425,307	8,651,191	8,373,200
Capital and net debt	11,824,515	11,688,197	11,578,119	11,637,714	11,696,979	11,587,526
Gearing ratio (Cap to Zero)	**27%**	**24%**	**26%**	**28%**	**26%**	**28%**

24 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.

25 Financial commitments

The Company has no financial commitment for the period ended 30th June, 2019.