

FIDSON HEALTHCARE PLC
Lagos, Nigeria

REPORT OF THE DIRECTORS
AND
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Table of contents

	Page
General Information	3
Report of the Directors	4
Corporate Governance Report	10
Statement of Directors' Responsibilities	16
Audit Committee's Report	17
Independent Auditors' Report	18
Statement of Profit or Loss and Other Comprehensive Income	20
Statement of Financial Position	21
Statement of Changes in Equity	22
Statement of Cash Flows	23
Notes to the Financial Statements	24
Valued Added Statement	68
Five - Year Financial Summary	69

FIDSON HEALTHCARE PLC

GENERAL INFORMATION

DIRECTORS	Mr. Felix O. A. Ohiwerei Dr. Fidelis A. Ayebae Mrs. Olufunmilola O. Ayebae Mr. Emmanuel E. Imoagene Mrs. Aisha P. Sadauki Ms. Mabel Ndagi Mr. Olugbenga O. Olayeye Mr. Abiola A. Adebayo	Chairman Managing Director/ Chief Executive Officer Non- Executive Non- Executive Non - Executive Non-Executive Executive Executive
COMPANY SECRETARY	Mr. J. Abayomi Adebajo	
REGISTERED OFFICE	268, Ikorodu Road, Obanikoro Lagos. Tel: 01-7406817, 01-8936502 www.fidson.com , e-mail-info@fidson.com	
AUDITORS	Ernst & Young (Chartered Accountants) 10th & 13th Floors, UBA House, Marina, Lagos E-mail:services@ng.ey.com	
SOLICITORS	Oval Law Firm 110, Obafemi Awolowo Way Ikeja Lagos Tel: 234 802 326 4780	
BANKERS	Access Bank Plc Bank of Industry Diamond Bank Plc Fidelity Bank Plc First Bank of Nigeria Limited First City Monument Bank Plc Guaranty Trust Bank Plc Stanbic IBTC Bank Plc Standard Chartered Bank Limited Sterling Bank Plc United Bank for Africa Plc Zenith International bank Plc	
REGISTRARS	Meristem Registrars 213, Herbert Macaulay Way Adekunle, Yaba Lagos Tel: 234 1 8920491 Email: info@meristemregistrars.com	

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. The directors have pleasure in submitting to the members of the Company their report together with the audited financial statements for the year ended 31 December 2015.

2. **PRINCIPAL ACTIVITIES**

The principal activities of the Company are the manufacture and distribution of pharmaceutical products. The company commenced local manufacturing of pharmaceutical products in July 2002.

3. **LEGAL FORM**

The company operated as a Private Limited Liability Company until June 5, 2008 when it was registered as a Public Limited Liability Company. The shares are currently quoted on the Nigerian Stock Exchange.

4. **STATE OF AFFAIRS**

In the opinion of the Directors, the state of the Company's affairs is satisfactory and there has been no material change since the reporting date, which would affect the financial statements as presented.

5. **RESULTS FOR THE YEAR**

	2015 N000	2014 N000
Revenue	8,210,760 =====	9,719,185 =====
Profit before taxation	838,039	870,812
Taxation	(93,661)	(238,987)
Profit after taxation	----- 744,378 =====	----- 631,825 =====

6. **DIVIDEND**

The directors propose to pay dividend of N0.05k, ~~N~~75,000,000 out of the profit for the year ended 31 December 2015 (31 December 2014: ~~N~~0.15k, ~~N~~225,000,000). Proposed dividend will only be recognised as a liability after approval by the shareholders at the Annual General Meeting.

FIDSON HEALTHCARE PLC

REPORT OF THE DIRECTORS – (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

7. MAJOR CUSTOMERS

LAGOS

Ardmonds Nigeria Limited
Bicon Pharmacy
Everdestiny Pharmacy
Moddy Drugs Company Limited
Zest Pharmacy

WEST

Bunmi Pharmaceuticals Ltd.
Fiolu Pharmacy
MassEldo Pharmacy
Tanimola Pharmacy

EAST

Peton
Canez Healthcare Limited
Grams Pharmacy
Ogbuagu Pharmacy
Ifytex Pharmacy

NORTH

Tony Pharmacy
Newhealth Pharmacy
Azmu Pharmacy

8. MAJOR SUPPLIERS

Overseas Suppliers

V.S. International India
TIL Exports Pvt Limited India
Gland Pharma Ltd India
Capsugel (Belgium)
Hindustan National Glass Industries Ltd.
Oriental Containers Ltd., India
MJ Biopharm Pvt. Ltd
Themis Medicare Ltd.
Ocean Health and Medicare Pvt Ltd
Medinomics Healthcare Pvt Ltd.
Trade Niger Impext Pvt Ltd.
Long Range Europe Ltd.

Local Suppliers

Libra Circle Ltd.
Knightsbridge Ltd
Sankil Pharm Ltd.
Benchmark Sciences Ltd.
Khushbu Sciences Ltd.
Fiyique Venture Ltd.
Plural Dynamics
Bates Pharm Ltd.
SAB Nigeria Ltd.
Micabolad Global Investment
Fiktalinks International Nig. Ltd
Sankil Pharm Ltd.

FIDSON HEALTHCARE PLC

REPORT OF THE DIRECTORS – (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

9. DIRECTORS

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Mr. Felix A. O. Ohiwerei	Chairman
Dr. Fidelis A. Ayebae	Managing Director/Chief Executive Officer
Mrs. Olufunmilola O. Ayebae	Non-Executive
Mr. Olugbenga O. Olayeye	Executive
Mr. Abiola A. Adebayo	Executive
Mr. Emmanuel E. Imoagene	Non-Executive
Mrs. Aisha P. Sadauki	Non-Executive
Ms. Mabel Ndagi	Non-Executive

10. DIRECTORS' INTERESTS

The directors' interests in the issued share capital of the Company as at 31 December 2015 are as follows:

	Numbers of Shares (2015)	Numbers of Shares (2014)	(%)
Mr. Felix O. A. Ohiwerei (Multiharvest ltd)	32,644,623	32,644,623	2.18
Dr. Fidelis A. Ayebae	446,534,443	446,534,443	29.77
Emeritus Prof. Oladipo O.Akinkugbe	6,253,165	6,253,165	0.42
Mrs. Olufunmilola O. Ayebae	64,220,000	64,220,000	4.28
Mr. Olugbenga O. Olayeye	12,144,027	12,144,027	0.81
Mr. Abiola A. Adebayo	11,084,406	11,084,406	0.74
Mr. Olatunde B. Olanipekun	12,773,004	12,773,004	0.85
Mr. Emmanuel E. Imoagene	4,000,000	4,000,000	0.27
Mrs. Aisha P. Sadauki	-	-	-
Ms. Mabel Ndagi	-	-	-
Indirect interest			
Glorious Haven Ltd –on behalf of			
Dr. Fidelis A. Ayebae	86,120,000	86,120,000	5.74

11. BOARD OF DIRECTORS

In accordance with the provisions of Section 259 of the Companies & Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004 one third of the Directors of the Company shall retire from office. The directors to retire every year shall be those who have been longest in office since their last election. Accordingly, Dr. F. A. Ayebae, Mr E.E Imoagene and Mr. A.A. Adebayo retired by rotation and being eligible, offered themselves for re-election.

12. DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria of any disclosable interest in contracts with which the Company is involved as at 31 December 2015.

FIDSON HEALTHCARE PLC

REPORT OF THE DIRECTORS – (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

13. SUBSTANTIAL INTEREST IN SHARES

The registrar has advised that according to the register of members as at 31 December 2015, the following held more than 5% of the issued share capital of the Company:

Shareholder	No of Shares	% Holding
Dr. Fidelis Ayebae	446,534,443	29.77
Glorious Haven Ltd (On behalf of Fidelis Ayabae)	86,120,000	5.74
Stanbic Nominee	119,122,549	7.94
CSP Nominee	77,274,598	5.15

14. CORPORATE SOCIAL RESPONSIBILITIES

The company made no donations as at the year ended 31 December 2015 (2014: ~~₦~~8,582,940) to charitable organisations and societies.

	2015	2014
	₦	₦
Religious organisations	-	1,000,000
Hospitals/Health institutions	-	7,582,940
	-----	-----
	-	8,582,940
	====	=====

Others include corporate social responsibility to the Federal Medical Centre, Abeokuta, Ogun state and various sponsorships amounting to ~~₦~~8,658,927 (2014:~~₦~~13,284,350).

15. EVENTS AFTER THE REPORTING PERIOD

As stated in Note 45, no material events have occurred between the end of the reporting period and the date of this report which could have had a material effect on the state of affairs of the Company as at 31 December 2015.

16. ANALYSIS OF SHAREHOLDERS

Analysis of shareholdings as at 31 December 2015

Range	No. of Holders	%	Units
1 - 50,000	4,445	83	57,133,677
50,001 - 100,000	355	6	28,118,924
100,001 - 1,000,000	480	9	142,688,669
1,000,001 and above	98	2	1,272,058,730
	-----		-----
	5,378		1,500,000,000
	=====		=====

17. EMPLOYMENT AND EMPLOYEES

a. Employment of disabled Persons

It is the Company's policy that there is no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers. As at 31 December 2015 there were two disabled employees working in the administrative section of the factory.

REPORT OF THE DIRECTORS – (Continued)

FOR THE YEAR ENDED 31 December 2015

b. Welfare

The company has retainership agreement with a number of private hospitals to whom cases of illness are referred for treatment and/or admission.

The company provides subsidy to employees in respect of transportation, lunch, housing and healthcare.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonus, promotions and wage review.

c. Training

The company attaches great importance to training and all categories of staff attend courses or seminars as considered necessary by the Company's management.

18. AUDIT COMMITTEE

Pursuant to Section 359(4) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the Company has in place an Audit Committee comprising of Directors and shareholders, namely:

Alhaji Sarumi Abdulkabir	Shareholders' representative (Chairman)
Mr. Olufemi F. Oduyemi	Shareholders' representative
Mr. Solomon S. Akinsanya	Shareholders' representative
Mrs. Olufunmilola O. Ayebae	Directors' representative
Mr. Olugbenga O. Olayeye	Directors' representative
Mrs. Aisha P. Sadauki	Directors' representative.

The functions of the Audit Committee are laid down in Section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of Federation of Nigeria 2004.

REPORT OF THE DIRECTORS – (Continued)

FOR THE YEAR ENDED 31 December 2015

19. AUDITORS

Ernst & Young have expressed their willingness to continue in office as the Company's auditors in accordance with the provision of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. A resolution will be proposed at the Annual General Meeting to authorise the Directors to fix their remuneration.

BY ORDER OF THE BOARD



J. ABAYOMI ADEBANJO
COMPANY SECRETARY
FRC/2013/ICSAN/00000002161

18 March 2016

CORPORATE GOVERNANCE REPORT

At the heart of the Company's administrative and management structure is a deliberate and conscious implementation of Governance principles that will keep the Company in an enviable position. As a Company that believes in innovation and improvement we further enhanced our governance practice by enhancing the independent internal audit and control department. The department reports directly to the board through the Managing Director. Reported deviation for rules and standards are immediately corrected and appropriate, but adequate punishment also meted out to erring officers of the Company.

We continue to live by our governance principles that have always existed and we added to them. That is:

People: Our stakeholders are at the centre of our Corporate Governance practices. The demands of our stakeholders whether directly or indirectly impacting our operations are constantly considered and promptly attended to. In this area of our operations are robust Corporate Social Responsibility (CSR) policies, remuneration and motivation schemes that are second to none in the industry. We realize that our shareholders are important and all efforts were made throughout the year to reach out to them in a bid to ensure amicable shareholder-management relationship.

Prices: Our pricing policies are geared towards optimizing our resources for continued growth and development without exploiting the market. We have continued to consider the general inflationary trend and affordability to the common man before arriving at our prices.

Planet: Because we value lives, our operations are conducted in a way that minimizes negative externalities. At the heart of this is our robust policy on Health, Safety and Environment (HSE). Obsolete equipment is disposed off in order to allow for recycling. Expired drugs are also destroyed under the supervision of regulators and each time this is done a Certificate of Destruction is received from the relevant Government Agency. We have imbibed best practices and ethical standards in all our dealings.

Probity: We reviewed our governance principles and we imbibed the 'probity' as one of the essentials of good governance. All officers, including Directors are requested to give honest account of all Company resources in their custody as and when due.

OUR CORPORATE GOVERNANCE PLATFORM

Our corporate governance strategy and initiatives are geared towards complying with the Securities and Exchange Commission's Corporate Governance Code and maintaining an amicable relationship with the various stakeholders on which our continued existence rely. Our second approach to Corporate Governance is to use the doctrines of good governance to engender sustainability of our operations.

We have continued to subject our operations to periodic examinations and audit by independent auditors which include current Good Manufacturing Practice (GMP) and the National Agency for Food and Drugs Administration and Control (NAFDAC). Each audit/examination report is made the subject for consideration by a committee headed by an executive director for proper review and implementation. Overseen by the Board of Directors, corporate governance practices are constantly under review, in line with the dynamics of the business environment. The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the Company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.

The day-to-day affairs of the Company are run by the Executive Management Committees. Each executive committee is headed by an executive director who reports to the Board of Directors on the activities of their respective committee.

In line with Section 32 of the Corporate Governance Code, a standard procedure for reporting any form of misdemeanor either by staff or any of our key/strategic business associates is put in place to ensure the sanity of our operations and enhance reliance on key operational supports. This is considered important in order to ensure overall sustainability of our business.

CORPORATE GOVERNANCE REPORT - Continued

The framework for our corporate governance is hinged on:

1. Code of Corporate Governance issued by SEC in 2011.
2. Various Standard Operations manual and ISO compliance requirements.
3. Provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.
4. The listing rules of the Nigerian Stock Exchange as well as Securities and Exchange Commission's rules.
5. Good Manufacturing Practice.
6. International best practices.

BOARD COMMITTEES

In line with our strict adherence to Corporate Governance principles, we constantly review all areas of operations that hinge on it. Accordingly, board committees were reviewed for better performance, equalization and structural balance for control and involvement early in the current financial year. The committees are now composed as follows:

S/N	NAME OF COMMITTEE	MEMBERS
1	Nomination committee	Mrs. O. O. Ayebae (Chairman). Mrs. A. P. Sadauki Mr. E. E. Imoagene
2	Remuneration committee	Mrs. A. P. Sadauki (Chairman) Mr. E. E. Imoagene Mrs. O. O. Ayebae
3	Finance and General purposes committee	Mr. E. E. Imoagene (Chairman) Dr. F. A. Ayebae Mr. O. O. Olayeye Mr. A. A. Adebayo
4.	Credit Control Committee	Mr. A. A. Adebayo Mr. O. O. Olayeye Three other Senior Management staff

The company secretary acts as Secretary to all Board committees.

COMMITTEES' TERMS OF REFERENCE

The terms of reference for all the committees are in line with the provisions of the Corporate Governance Code 2012 and generally accepted best practices. The committee's terms of reference in summary are as follows:

1. **Nomination Committee:** The committee's main responsibility is to assist the Board of Directors in developing policies to fill any vacancy on the board however occasioned and to ensure at all times that competence gaps are closed so that the Company is not short of the required skills.

In doing this, the Committee considers the need to attract, motivate and retain suitably qualified individuals to the Board.

The mode of operations of the Committee is in line with Section 13 of the Corporate Governance Code 2012.

2. **Remuneration Committee:** The responsibility of the Committee is mainly to recommend a competitive remuneration package for the executive management and the Board. In doing this, the Committee considers the need to maintain both internal and external competitiveness. It is also the responsibility of the Committee to ensure that remunerations paid to the employees of the Company are adequate and commensurate with performance.

CORPORATE GOVERNANCE REPORT - Continued

3. **Finance and General Purposes Committee:** The committee assists the Board in ensuring that the Company's strategic initiatives and objectives are translated into actions and processes. In doing this, the Committee considers and makes recommendations to the Board with regards to:-
 - a) the annual estimates of revenue and expenditure (statement of profit or loss).
 - b) capital expenditure requirements including loans.
 - c) investment and borrowing policies.
 - d) to make recommendation to the board with regard to the framework for the Company's strategic plan.
 - e) to consider the draft strategic plan prior to submission to the Board.
 - f) to consider any other matters referred to the Committee by the Company.
4. **Credit Control Committee:** The committee assists the Board in the monitoring, reviewing and the administration of the credit policy.

These four committees meet as the need arises to discharge their functions.

THE BOARD

Frequency of meetings:

The Board of Directors holds at least 4 (four) meetings in each financial year. Each meeting is scheduled to receive quarterly operating results among other reports on the Company's operations. All matters reserved for the Board are duly considered and resolved. These include consideration and approval of budgets, major capital expenditures, corporate strategy, review of policies on internal risk management, review of performance and generally direct the affairs of the Company's operations.

Attendance at Board meetings during the year under review was impressive. In line with Section 258 (2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria (LFN) 2004, the record of Directors attendance at Board meetings is available at the annual general meeting for inspection.

Responsibilities of the Board of Directors:

It is the responsibility of the Board of Directors to:

- a) ensure that the Company's operations are conducted in a fair and transparent manner that conforms with high ethical standards;
- b) ensure the integrity of the Company's financial and internal control policies;
- c) ensure the accuracy, adequacy and timely rendition of the statutory returns and financial reports to the regulatory authorities, namely, The Nigerian Stock Exchange (NSE), Securities and Exchange Commission (SEC), Corporate Affairs Commission (CAC), National Agency for Food and Drug Administration and Control (NAFDAC) and shareholders through the Company Secretary;
- d) ensure value creation for the shareholders, employees and other stakeholders;
- e) review and approve corporate policies, strategies, annual budgets and business plans;
- f) monitor implementation of policies and strategic direction of the Company;
- g) set performance objectives, monitor implementation and corporate performance;
- h) review and approve all major capital expenditure of the Company;
- i) ensure that the statutory rights of all stakeholders are protected at all times; and,
- j) institute appropriate mechanism for measuring adherence by management to all regulations.

CORPORATE GOVERNANCE REPORT - Continued

Information flow to the Board: The executive management ensures that the Board receives adequate information on a timely basis. Board papers are circulated at least two weeks before every board meeting.

As part of the Board's resolve to ensure adequate compliance with and to engender good corporate governance, at every board meeting the Corporate Governance Report is presented by the Company Secretary for consideration by the Board. This way, the Board is constantly kept abreast of the regulatory, statutory and ethical requirements expected of listed companies in Nigeria.

Board Charter: In order to ensure good governance is engendered in the Company, the Board is run by a Charter which amongst other things make provisions concerning:

- a) Frequency of Board meetings
- b) Process for adoption and circulation of board minutes
- c) Disclosure of interest
- d) Guidelines for ensuring integrity and independence of directors
- e) Commitment to comply with the Corporate Governance Code

Board evaluation and appraisal: The board has decided to adopt the peer review methods for the evaluation of Directors.

THE AUDIT COMMITTEE

In accordance with section 359 (4) of the Companies and Allied Matters Act, Cap C20 LFN 2004, the audit committee is made up of six (6) members, three representatives of the shareholders and three representatives of the Board of Directors. Members of the audit committee are elected at the annual general meeting. The committee was engaged maximally in all aspects of its responsibility as stipulated by the law. In addition, the committee was encouraged to take on other assignments that may be of benefit to the Company. Members of the committee during the year under review were:

- | | |
|--------------------------------|------------------------|
| 1. Alhaji Abdulkabir B Sarumi | Shareholder - Chairman |
| 2. Mr. Olugbenga O. Olayeye | Director |
| 3. Mrs. Olufunmilola O. Ayebae | Director |
| 4. Mr. Femi Oduyemi | Shareholder |
| 5. Mr. Solomon S Akinsanya | Shareholder |
| 6. Mrs. A. P. Sadauki | Director |

Attendance of Board Members, Board Committees And Audit Committee At Meetings during the Year Ended 31 December 2015

BOARD MEETINGS					
	12-03-15	27-07-15	14-10-15	03-12-15	%
Elder F O A Ohiwerei	✓	✓	✓	✓	100
Dr. F A Ayebae	✓	✓	✓	✓	100
Mrs. O. O. Ayebae	X	✓	✓	✓	80
Mr. O. O. Olayeye	✓	X	✓	✓	80
Mr. A. A. Adebayo	✓	✓	✓	✓	100
Mr. O. B. Olanipekun	✓	✓	✓	✓	100
Mr. E E. Imoagene	✓	✓	✓	✓	100
Mrs. A P Sadauki	✓	✓	✓	✓	100
Ms Mabel Ndagi	✓	✓	✓	✓	100

AUDIT COMMITTEE				
	11-03-15	24-07-15	02-12-15	%
Alhaji A. B. Sarumi	✓	✓	✓	100
Mrs. O. O. Ayebae	X	✓	✓	67
Mr. O. O. Olayeye	✓	X	✓	67
Mrs. A P Sadauki	✓	✓	X	67
Mr. Femi Oduyemi	✓	✓	✓	100
Mr. S. S. Akinsanya	✓	✓	✓	100

REMUNERATION COMMITTEE		
	03 -12-15	%
Mr. E E. Imoagene	✓	100
Mrs. O. O. Ayebae	✓	100
Mrs. A. P. Sadauki	✓	100

FINANCE AND GENERAL PURPOSES COMMITTEE				
	11-09-15	12-10-15	12-11-15	%
Mr. E. E. Imoagene	✓	✓	✓	100
Mr. O. O. Olayeye	✓	✓	✓	100
Mr. A. A. Adebayo	✓	✓	✓	100
Mr. O. B. Olanipekun	✓	✓	✓	100

Securities Trading

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

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

Payment of penalty:

The company paid no penalty to the Nigerian Stock Exchange during the year under review (2014: Nil).

Compliance with code of corporate governance:

The company complied with the Corporate Governance Code 2012 for public Company at the reporting date.



J. Abayomi Adebajo Company
Secretary
FRC/2013/ICSAN/00000002161

18 March 2016

FIDSON HEALTHCARE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and of its financial performance for the year. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act No 6, 2011.
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act No 6, 2011.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its financial performance for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.



Director
FRC/2013/PSNIG/00000002378



MD/CEO
FRC/2014/CIANG/00000002376

18 March 2016

FIDSON HEALTHCARE PLC

AUDIT COMMITTEE'S REPORT

FOR THE YEAR ENDED 31 December 2015

TO THE MEMBERS OF FIDSON HEALTHCARE PLC

In accordance with provision of Section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of Federation of Nigeria 2004 members of the Audit Committee of Fidson Healthcare Plc report as follows:-

We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and we acknowledge the co-operation of the management and staff in the conduct of these responsibilities.

We confirm that:

- a) The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practice.
- b) The scope and planning of the external audit are in our opinion adequate.
- c) The internal control system was in order.
- d) The external auditors' management letter comments were satisfactorily dealt with by management.

Chairman, Audit Committee
Alh. A. B. Sarumi



Members of the Committee:

Mr. Olufemi F. Oduyemi
Mr. Solomon S. Akinsanya
Mrs. A. P. Sadauki
Mrs. Olufunmilola O. Ayebae
Mr. Olugbenga O. Olayeye

18 March 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIDSON HEALTHCARE PLC

Report on the financial statements

We have audited the financial statements of Fidson Healthcare Plc, which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No 6, 2011, and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fidson Healthcare Plc as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No 6, 2011.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FIDSON HEALTHCARE PLC – Continued
Report on Other Legal and Regulatory Requirements**

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

- a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- c) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Funmi Ogunlowo, FCA
FRC/2013/ICAN/00000000681
For: Ernst & Young
Chartered Accountants
Lagos, Nigeria

18 March 2016

FIDSON HEALTHCARE PLC

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 ₦'000	2014 ₦'000
Revenue	6	8, 210,760	9, 719,185
Cost of sales	7	(3,858,896)	(4,285,596)
Gross profit		4,351,864	5,433,589
Other operating income	8	94,264	86,539
Other operating expenses	9	(23,635)	(90,025)
Administrative expenses	10	(2,037,327)	(2,270,126)
Selling and distribution expenses	11	(868,844)	(1,728,300)
Operating profit		1,516,322	1,431,677
Finance costs	12	(716,958)	(554,494)
Finance income	13	38,675	4,798
Loss on deemed disposal of associate		-	(11,169)
Profit before tax	14	838,039	870,812
Income tax expense	15a	(93,661)	(238,987)
Profit for the year		744,378	631,825
Other comprehensive income: (OCI)			
Items to be reclassified to profit or loss in subsequent years:			
Fair value loss on available for sale financial instruments	35	(872)	(1,798)
Net other comprehensive income to be reclassified to profit or loss		(872)	(1,798)
Items not to be reclassified to profit or loss in subsequent years:			
Re- measurement gain on defined benefit plans	27	57,202	57,027
Income tax effect	15c	(17,161)	(17,108)
Net other comprehensive income not to be reclassified to profit or loss		40,041	39,919
Other comprehensive income, net of tax		39,169	38,121
Total comprehensive income, net of tax		783,547	669,946
Earnings per share – basic (in kobo)			
Basic and diluted	44	50	42

FIDSON HEALTHCARE PLC

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

ASSETS	Notes	2015 ₦'000	2014 ₦'000
Non-current assets			
Property, plant and equipment	16	11,501,335	10,790,758
Investment property	17	37,183	38,100
Intangible assets	18	11,016	22,440
Available- for-sale investments	19	2,810	3,682
Loans and receivables	19	29,484	36,702
Other non-current financial asset	20	476,717	226,400
		-----	-----
		12,058,545	11,118,082
Current assets			
Inventories	21	697,502	1,145,540
Trade and other receivables	22	3,779,824	3,187,471
Prepayment	23	12,078	117,247
Cash and cash equivalents	24	122,376	204,154
		-----	-----
		4,611,780	4,654,412
		-----	-----
Total assets		16,670,325	15,772,494
Equity and liabilities			
Equity			
Issued share capital	33	750,000	750,000
Share premium	34	2,973,043	2,973,043
Retained earnings		2,602,420	2,043,001
Available for sale reserve	35	(1,635)	(763)
		-----	-----
		6,323,828	5,765,281
Non-current liabilities			
Interest bearing loans and borrowings	25	2,600,218	2,865,233
Obligation under finance lease	26	161,698	127,012
Retirement benefit obligation	27	377,776	391,801
Government grant	28	212,691	261,592
Deferred revenue	29	5,000	-
Deferred tax liability	15c	342,567	452,549
		-----	-----
		3,699,950	4,098,187
Current liabilities			
Trade and other payables	30	4,212,210	3,779,619
Interest bearing loans and borrowings	25	1,157,741	1,161,217
Bank overdraft	24	442,177	433,640
Other financial liabilities	31	65,000	65,000
Obligations under finance lease	26	218,435	191,831
Government grant	28	60,782	57,532
Deferred revenue	29	2,000	-
Income tax payable	15b	440,991	220,187
Unclaimed dividend	32	47,211	-
		-----	-----
		6,646,547	5,909,026
		-----	-----
Total liabilities		10,346,497	10,007,213
		-----	-----
Total equity and liabilities		16,670,325	15,772,494
		-----	-----

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY: 18 MARCH 2016



Director
FRC/2013/PSNIG/00000002378
Mr. Olugbenga Olayeye



Chief Finance Officer
FRC/2013/ICAN/00000002164

Mr. Oludare Adanri



MD/CEO
FRC/2014/CIANG/00000002376

Dr. Fidelis Ayebae.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Retained earnings	Available-for -sale reserve	Total
	₦000	₦000	₦000	₦000	₦000
At 1 January 2015	750,000	2,973,043	2,043,001	(763)	5,765,281
Profit for the year	-	-	744,378	-	744,378
Other comprehensive income for the year, net	-	-	40,041	(872)	39,169
Total Comprehensive Income for the year	-	-	784,419	(872)	783,547
Dividends (Note 32)	-	-	(225,000)	-	(225,000)
At 31 December 2015	750,000	2,973,043	2,602,420	(1,635)	6,323,828
As at 1 January 2014	750,000	2,973,043	1,521,257	1,035	5,245,335
Profit for the year	-	-	631,825	-	631,825
Other comprehensive income for the year, net	-	-	39,919	(1,798)	38,121
Total Comprehensive Income for the year	-	-	671,744	(1,798)	669,946
Dividends (Note 32)	-	-	(150,000)	-	(150,000)
At 31 December 2014	750,000	2,973,043	2,043,001	(763)	5,765,281

FIDSON HEALTHCARE PLC
**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 #'000	2014 #'000
Operating activities:			
Profit before tax		838,039	870,812
Adjustments to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment	16	258,927	260,285
(Impairment reversal)/ Loss	22b	(32,704)	243,365
Loss/ (gain) on disposal of Plant, Property and Equipment	9	11,421	(841)
Inventory write – off	9	12,214	72,117
Exchange loss	10	-	7,098
Depreciation of investment property	17	918	918
Grant income	8	(45,651)	(18,515)
Amortisation of Intangible Assets	18	22,383	5,580
Gain on disposal of available for sale assets	8	-	(52,265)
Interest income on loans and receivables	13	(25,787)	(4,798)
Finance costs	12	716,958	554,494
Employee benefit expense	27	57,322	(108,940)
Loss of associate		-	11,169
Changes in working capital:			
Increase in trade and other receivables		(559,649)	(1, 111, 516)
Decrease in prepayments		105,169	616,677
Decrease in inventories		435,824	279,675
Decrease in government grant		-	39,556
Increase in trade and other payables		432,590	1,432,450
Movement in deferred revenue		2,000	-
		2,229,974	3,097,321
Income tax paid	15b	-	(70,000)
Benefits paid	27	(14,145)	(25,062)
Movement in deferred revenue	29	5,000	-
Net cash flow from operating activities		2,220,829	3,002,259
Cash flows from investing activities:			
Purchase of property, plant & equipment	16	(773,912)	(1,926,177)
Additions to intangible assets	18	(10,960)	(24,774)
Proceeds from disposal of available for sale financial assets		-	97,000
Interest income received		-	47,467
Additions to loans and receivables	19b	(411,268)	-
Proceeds on loans and receivables		423,500	-
Proceeds from sale of property, plant and equipment		2,987	36,259
Investment in other financial assets		(628,370)	(226,400)
Liquidation of investment in other financial asset		398,826	-
Net cash utilised by investing activities		(999,197)	(1,996,625)
Cash flows from financing activities:			
Payments of finance lease liabilities		(148,709)	(348,370)
Interest paid on loans & borrowings		(716,958)	(554,494)
Dividend paid	32	(225,000)	(150,000)
Refund of dividend		47,211	-
Proceed from loans & borrowings		-	214,041
Loan repayment		(268,491)	(1,844,096)
Proceed from bond issued		-	2,000,000
Cost of issue of bond		-	(80,764)
Net cash utilized by financing activities		(1,311,947)	(763,683)
Net (decrease)/increase in cash and cash equivalents		(90,315)	241,951
Cash and cash equivalents at the beginning of the year	24	(229,486)	(471,437)
Cash and cash equivalents at the end of the year	24	(319,801)	(229,486)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The company was incorporated as a private limited liability Company on 13 March 1995 and commenced business activities on 15 March 1995. The principal activities of the Company include manufacturing and distribution of pharmaceutical products. The company's shares were quoted on the Nigerian Stock Exchange on 5 June, 2008. The issued share capital is held as to 39.32% directly by the directors, 5.74% indirectly by the Directors and 54.94% by the Nigerian Public.

These financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 18 March 2016.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis except for certain available-for-sale financial assets which have been measured at fair value. The financial statements are presented in Nigerian Naira and all values are rounded to the nearest thousands (₦'000), except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.2.1 Current versus non-current classification

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

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

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

2.2.2 Fair value measurement

The company measures some financial instruments and non-financial assets at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 42a.

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

NOTES TO THE FINANCIAL STATEMENTS**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued****2.2.2 Fair value measurement-continued**

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible to by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Refer to Note 42b for fair value hierarchy.

2.2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods to its customers. The customers are classified as institutional customers and trade customers. Goods sold by the Company are Pharmaceutical products manufactured by Fidson Healthcare Plc under various licensing agreements.

Interest income

For all financial instruments measured at amortised cost, interest income or expense 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 year, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the profit or loss.

Dividends

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

2.2.4 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.
When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.
When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy in Note 2.2.12 (ii).

NOTES TO THE FINANCIAL STATEMENTS

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**2.2.5 Taxes****Current income tax**

The income tax assets or liabilities for the current year are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA) 2007 at 30% of total profit after deducting capital allowances and loss relief. Education tax is also assessed at 2% of the assessable profits.

Current income tax relating to items recognised outside profit or loss are recognised outside profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that
- the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

NOTES TO THE FINANCIAL STATEMENTS

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.2.5 Taxes-continued

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

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

Value Added Tax

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

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

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

2.2.6 Foreign currencies

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

2.2.7 Property plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, net of accumulated depreciation and/or accumulated impairment loss, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long term projects if the recognition criteria are met, see Note 16 for borrowing costs capitalised during the year. When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognised as individual assets with specific useful lives and depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

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

	Years
Land	Nil
Buildings	50
Plant and machinery - Head Office	4
Plant and machinery - Factory	5 to 10
Office equipment	4 to 10
Furniture and fittings	8
Motor vehicles	4 to 6
Capital work in progress	Nil

NOTES TO THE FINANCIAL STATEMENTS

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.2.7 Property plant and equipment-continued

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

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

Impairment reviews are performed when there are indicators that the carrying amounts may not be recoverable. Impairment losses and reversals of impairment losses are recognised in profit or loss.

2.2.8 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The company as a lessee

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

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

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

The company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating 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. Rental income is recognized as revenue on a straight line basis over the lease term.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms, and is included in revenue in the profit or loss due to its operational nature.

2.2.9 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2.2.10 Investment properties

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

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

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

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

2.2.11 Intangible assets

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

Intangible assets with finite lives are amortised over the useful economic lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

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

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the intangible asset and recognised in the statement of profit or loss when the asset is derecognised

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- It is probable that the asset will generate future economic benefit.
- The availability of resources to complete the asset

Following the completion of research and development, it is transferred to another asset which is then depreciated, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

NOTES TO THE FINANCIAL STATEMENTS

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2.2.11 Intangible assets

Licences

The company made upfront payments to purchase licences. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licences.

A summary of the policies applied to the Company's intangible assets is, as follows:

	Licences
Useful lives	Finite (Over 5 years)
Amortisation method used	Amortised on straight line basis over the period of the licence amortisation
Internally generated or acquired	Acquired

2.2.12 Financial instruments: - Initial recognition and subsequent measurement

(i) **Financial assets**

a) **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through the profit or loss, directly attributable transaction costs. The company's financial assets include held-to-maturity investments, available-for-sale financial investments, and loans and other receivables.

b) **Subsequent measurement**

The subsequent measurement of financial assets within the scope of IAS 39 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 the profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs. Included in this classification are trade and other receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, 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 the profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**2.2.12 Financial instruments: - Initial recognition and subsequent measurement-continued****Available-for-sale financial investments**

Available-for-sale financial investments are equity investments. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised in Other Comprehensive Income and credited in the available for sale reserve until the investment is derecognised at which time the cumulative gain or loss is recognised in other operating income or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method. This is based on the presumption that the transaction to sell the asset takes place in the primary market for the asset.

c) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset 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 that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on a loan and receivable or a held-to-maturity asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original 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 recognized in the profit or loss.

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.

Trade and other receivables

Trade receivables are carried at original invoice 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.

The allowance for doubtful accounts involves management's judgment and review of the individual receivable balances based on an individual customer's prior payment record, current economic trends and analysis of historical bad debts of a similar type.

Subsequent recoveries of amounts previously provided for are credited to the profit or loss in the year of recovery.

NOTES TO THE FINANCIAL STATEMENTS

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2.2.12 Financial instruments: - Initial recognition and subsequent measurement-continued

Impairment on available-for-sale financial investments

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

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the year in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is reclassified from equity and to the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in other comprehensive income.

d) **Derecognition of financial assets**

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

- The rights to receive cash flows from the asset have expired
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered 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 Company's continuing involvement in it.

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

ii) **Financial liabilities**

a) **Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through the profit or loss and loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, interest bearing loans and borrowings, other financial liabilities, and bank overdraft.

b) **Subsequent measurement**

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

Loans and borrowings

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

NOTES TO THE FINANCIAL STATEMENTS

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2.2.12 Financial instruments: - Initial recognition and subsequent measurement-continued

discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as finance costs. In the case of trade and other payables, the amortised cost equals the nominal value.

c) Derecognition of financial liabilities

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

iii) Offsetting of financial instruments

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

2.2.13 Inventories

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

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

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

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

2.2.14 Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**2.2.14 Impairment of non-financial assets-continued**

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

2.2.15 Cash and cash equivalents

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

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

2.2.16 Provisions

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

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

2.2.17 Pension and other post-employment benefits**Retirement benefit Schemes**

The company operated a gratuity scheme which was discontinued on 1 January 2014, the accrued vested liabilities for services rendered up to 31 December 2013 have been crystalized and a pension fund scheme for the benefit of its employees.

Pension

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

Gratuity scheme:

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.2.17 Pension and other post-employment benefits-continued

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

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

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

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

Short term benefits

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

Termination benefits

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

2.2.18 Dividends

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

2.2.19 Segment reporting

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

- The over the counter segment, which represent the products that may be sold directly to the consumer without a prescription.
- Ethical products segment, which are drugs which would be sold to the consumer only on the possession of a valid prescription.
- Consumer segment, which represent household items was introduced in 2015.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and cost of sales. The Executive Management Committee monitors the operating results of the whole business for the purpose of making decisions about resource allocation and performance assessment.

NOTES TO THE FINANCIAL STATEMENTS**3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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

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

- Capital management Note 43
- Financial risk management and policies Note 41

3.1 Judgments

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

Operating lease commitments – Company as lessor

The company has entered into commercial property leases on its investment property portfolio. The company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

3.2 Estimates and assumptions

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

Taxes

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

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to Note 15a on taxes and 15c on deferred taxes.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS - Continued**Retirement benefits**

The cost of defined benefit gratuity scheme is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer to Note 27 for assumptions relating to retirement benefit.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 42 for further disclosures.

Available for Sale financial instruments

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

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

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

Property, plant and equipment

The company carries its property, plant and equipment at cost in the Statement of Financial Position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The company reviews the estimated the useful lives and residual values of its property, plant and equipment, and accounts for any changes prospectively. Refer to Note 16 on property plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

4. STANDARD THAT BECAME EFFECTIVE ON 1 JANUARY 2015

New and amended standards and interpretations

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015.

The nature and the impact of each new standard and amendment is described below:

Annual Improvements 2010-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The company does not apply the portfolio exception in IFRS 13

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Company.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2015, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2014) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2015 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE- continued

retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer, this standard would not apply.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2015 and are not expected to have a material impact on the Company. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same Company
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 8: Operating Segments

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24: Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2014 Cycle

These improvements are effective from 1 July 2015 and are not expected to have a material impact on the Company. They include:

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE -continued

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

IAS 1 Disclosure Initiative – Amendments to IAS 1

Effective for annual periods beginning on or after 1 January 2016.

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements.

The amendments clarify

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27

Effective for annual periods beginning on or after 1 January 2016.

The amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:

- At cost
 - In accordance with IFRS 9 (or IAS 39)
- Or
- Using the equity method

The entity must apply the same accounting for each category of investments.

NOTES TO THE FINANCIAL STATEMENTS

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE – continued

A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

Amendments to IFRS 11 – Joint Arrangements: Accounting for acquisitions of interests – 1 January 2016

Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants – 1 January 2016

Amendments to IAS 27: Equity Method in Separate Financial Statements – 1 January 2016

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture – 1 January 2016

Annual improvements 2012: 2014 cycle – 1 January 2016

i Non-current assets held for sale and discontinued operations

ii Financial instruments: Disclosures

iii IAS 19: Employee benefits

IAS 34: Interim financial reporting

Amendments to IAS 1 Disclosure Initiatives – 1 January 2016

Amendments to IFRS 10, IFRS 12, IAS 28 Investment Entities: Applying the Consolidation Exception – 1 January 2016

IFRS 16 – Leases – 1 January 2019

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses – 1 January 2017

NOTES TO THE FINANCIAL STATEMENTS

6. Revenue

	2015	2014
	₦'000	₦'000
Sales of goods		
Consumer unit	152,653	-
Ethical	2,774,703	3,668,392
Over The Counter (OTC)	5,283,404	6,050,793
	-----	-----
	8,210,760	9,719,185
	=====	=====

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

7. Cost of sales

	2015	2014
	₦'000	₦'000
Consumer	113,507	-
Ethical	1,299,073	1,621,953
Over The Counter (OTC)	2,446,316	2,663,643
	-----	-----
	3,858,896	4,285,596
	=====	=====

8. Other operating income

Amortisation of government grant	45,651	18,515
Gain on disposal of property, plant and equipment	-	841
Impairment reversal (Note 22b)	32,704	-
Profit on disposal of available for sale financial asset	-	52,265
Rental income	6,000	6,000
Sale of scrap	9,909	8,918
	-----	-----
	94,264	86,539
	=====	=====

9. Other operating expenses

Inventory write-off	12,214	72,117
Loss on disposal of plant, property and equipment	11,421	-
Toll manufacturing fee	-	17,908
	-----	-----
	23,635	90,025
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

	2015	2014
	₦'000	₦'000
10. Administrative expenses		
Association & membership	10,213	10,753
Audit fee	11,500	10,500
Bad debts (Note 10a)	-	243,365
Clinical Study	-	12,594
Conferences & Workshop	46,227	31,341
Consultancy fees	6,069	53,879
Corporate social responsibility	8,659	13,284
Depreciation and amortisation (Note 10b)	282,228	266,783
Diesel and fuel	64,313	68,409
Exchange loss	-	7,098
Gifts and donations	-	8,583
Insurance	65,306	39,193
Legal Expenses	7,260	4,890
Office supplies	33,960	14,739
Others	42,117	38,943
Personnel costs (Note 10c)	611,401	649,272
Printing & Stationery	11,186	13,446
Repairs and maintenance	235,655	282,311
Security	20,531	21,850
Telephone & Postage	31,844	38,118
Training	2,450	24,925
Travelling	481,194	415,852
Write-off of other receivables	65,214	-
	-----	-----
	2,037,327	2,270,126
	=====	=====
10a Bad debt		
Bad debt written –off	-	1,640
Impairment for the year	-	241,725
	-----	-----
	-	243,365
	=====	=====
10b Depreciation and amortisation		
Depreciation of property, plant and equipment (Note 16)	258,927	260,285
Depreciation of investment property (Note 17)	918	918
Amortisation of intangible assets (Note 18)	22,383	5,580
	-----	-----
	282,228	266,783
	=====	=====
10c Personnel costs		
Gratuity	57,322	57,027
Pension cost	58,474	67,401
Salary and wages	495,605	524,844
	-----	-----
	611,401	649,272
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

	2015	2014
	₦'000	₦'000
11 Selling and distribution expenses		
Institutional promotion	82,000	166,153
Promotion and advertisement	360,667	425,161
Sales expenses	426,177	1,136,986
	-----	-----
	868,844	1,728,300
	=====	=====
Interest on bank loans	474,944	391,768
Interest on bond	65,552	25,700
Interest on finance lease	176,462	137,026
	-----	-----
	716,958	554,494
	=====	=====
13 Finance income		
Interest earned on loans and receivables	5,014	-
Interest earned on other non-current financial asset	20,773	4,798
Interest on fixed deposit	12,888	-
	-----	-----
	38,675	4,798
	=====	=====
14. Profit before tax		
This is stated after charging:		
Amortisation of intangibles	22,383	5,580
Audit fee	11,500	10,500
Depreciation of property, plant and equipment	258,927	260,285
Depreciation of investment property	918	918
Personnel costs	611,401	649,272
	=====	=====
15a Income tax expense		
The major components of income tax expense for the year ended 31 December 2015:		
	2015	2014
	₦'000	₦'000
Current income tax:		
Current year income tax charge	198,235	85,492
Current education tax charge	22,569	28,139
	-----	-----
Total current tax	220,804	113,631
	-----	-----
Deferred tax		
Relating to origination of temporary differences	(127,143)	125,356
	-----	-----
Total income tax expense reported in profit or loss	93,661	238,987
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

15 Income tax expense-continued

	2015 N'000	2014 N'000
Reconciliation of tax charge:		
Profit before tax	838,039	870,812
	=====	=====
Tax at Nigerian statutory income tax rate of 30%	251,412	261,244
Disallowable expenses	19,245	83,937
Income exempted from tax	(9,811)	(252)
Education tax @ 2% of assessable profit	22,569	28,139
Investment allowance	(15)	(22,363)
Utilisation of previous unrecognised tax credit	(189,739)	(111,718)
	-----	-----
	93,661	238,987
	=====	=====
15b. Income tax payable		
Current tax payable		
At 1 January	220,187	176,556
Charge for the year	220,804	113,631
Payment	-	(70,000)
	-----	-----
At 31 December	440,991	220,187
	=====	=====
15c. Deferred tax liability		
At 1 January	452,549	310,085
Amounts recorded in profit or loss	(127,143)	125,356
Amounts recorded in other comprehensive income	17,161	17,108
	-----	-----
At 31 December	342,567	452,549
	-----	-----
Deferred tax recognised in other Comprehensive Income:		
Actuarial gain on defined benefit plan	17,161	17,108
	-----	-----
Total deferred tax recognised in Other Comprehensive	17,161	17,108
	=====	=====
Deferred tax relates to the following:		
Statement of financial position:		
Accelerated depreciation for tax purposes	325,406	435,441
Actuarial gain on defined benefit plan	17,161	17,108
	-----	-----
Net deferred tax liabilities	342,567	452,549
	=====	=====
Statement of profit or loss and other comprehensive income:		
Accelerated depreciation for tax purposes	(127,143)	125,356
Impairment on receivables	-	-
Actuarial loss on defined benefit plan	17,161	17,108
	-----	-----
Net deferred tax (assets)/ liabilities	(109,982)	142,464
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

16. Property, plant and equipment

	LAND & BUILDING	MOTOR VEHICLE	OFFICE EQUIPMENT	PLANT & MACHINERY	FURNITURE & FITTINGS	CONSTRUCTION WIP	TOTAL
COST:	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
At 1 January 2014	2,664,305	894,433	236,902	355,606	115,361	5,134,890	8,008,266
Additions	-	4,800	5,087	42,458	395	1,884,687	1,937,427
Transfer from Fidson Product Limited	1,487,211	75,520	157,396	610,471	2,877	-	2,333,475
Disposals	-	(123,200)	(65,642)	(68,110)	(6,629)	-	(263,581)
Reclassification	-	-	-	-	(40,223)	40,223	-
At 31 December 2014	2,758,285	851,553	333,743	940,425	71,781	7,059,800	12,015,587
Additions	-	14,345	4,273	490	1,117	963,687	983,912
Disposals	-	(9,532)	(799)	(7,201)	-	-	(17,532)
Reclassification	-	-	-	-	40,223	(40,223)	-
At 31 December 2015	2,758,285	856,366	337,217	933,714	113,121	7,983,264	12,981,967
DEPRECIATION:							
At 1 January 2014	89,212	445,901	172,770	217,994	38,916	-	964,793
Transfer from Fidson Product Limited	93,979	62,657	17,201	52,775	1,301	-	227,913
Charge for the year	27,790	144,500	21,359	59,132	7,504	-	260,285
Disposals	-	(105,689)	(61,779)	(56,093)	(4,602)	-	(228,163)
At 31 December 2014	210,981	547,369	149,551	273,808	43,119	-	1,224,828
Charge for the year	51,252	129,318	18,150	48,191	12,016	-	258,927
Disposals	-	(457)	(322)	(2,345)	-	-	(3,124)
At 31 December 2015	262,233	676,230	167,379	319,654	55,135	-	1,480,631
CARRYING VALUE							
31 December 2015	2,496,051	180,136	29,643	754,255	57,986	7,983,264	11,501,335
31 December 2014	2,547,303	304,184	43,997	806,812	28,662	7,059,800	10,790,758

NOTES TO THE FINANCIAL STATEMENTS

16. Property, plant and equipment- continued

Construction in progress - relates to a new manufacturing plant for infusion production

Borrowing cost - the Company started the construction of a new plant for infusion production in May 2010 and is expected to be completed in April 2016. The infusion plant is financed by loans from the Bank of Industry. The amount of borrowing cost capitalised during the year ended 31 December 2015 was ₦140.48million (31 December 2014 ₦253.69million). The rate used to determine the amount of borrowing cost was between 10% -19.5% which is the effective interest rate of the specific borrowing.

Finance Lease – the carrying value of property, plant and equipment held under finance lease at 31 December 2015 was motor vehicle ₦13.99million, plant & machinery ₦8.91million (31 December 2014 motor vehicle ₦122.9million, plant & machinery ₦13.125million). Additions during the year include ₦210 million (31 December 2014: ₦11.25million).

Furniture & fittings of ₦40million was reclassified from capital work-in-progress during the year.

Included in property, plant and equipment is an insignificant portion of building worth which ₦18.75 million is being held to earn rentals.

The assets of the Company are pledged as security under all assets debenture used to obtain facilities.

17. Investment Property

	2015	2014
	₦'000	₦'000
Cost		
At 1 January	48,301	48,301
Additions	-	-
	-----	-----
At 31 December	48,301	48,301
	-----	-----
Accumulated depreciation		
At 1 January	(10,200)	(9,284)
Charge for the year	(918)	(918)
	-----	-----
At 31 December	(11,118)	(10,200)
	-----	-----
Carrying amount	37,183	38,100
	=====	=====

The only investment property held by Fidson Healthcare Plc is the premises used by Ecomed. The rental commenced in June 2010.

The fair value of the investment property at the end of 31 December 2015 was ₦329,100,000 (2014: ₦350,000,000) open market method based on valuation performed by Dipo Fakorede – Estate Surveyor and Valuer. The valuation was done in January 2016 the basis of valuation is open market method.

NOTES TO THE FINANCIAL STATEMENTS

17. Investment Property-continued

	2015	2014
	₦'000	₦'000
Rental income derived from investment properties	6,000	6,000
Direct operating expenses (including repair and maintenance) generating rental Income.	-	-
Direct operating expenses (including repair and maintenance) that did not generate rental income (included in cost of sales)	-	-
	-----	-----
Net profit arising from investment properties carried at cost	6,000	6,000
	=====	=====

The company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Future minimum lease rentals receivable under non-cancellable contracts as 31 December are as follows:

	2015	2014
	₦'000	₦'000
Within one year	6,000	6,000
After one year but not more than five years	18,000	18,000
	-----	-----
	24,000	24,000
	=====	=====

In the general terms & conditions in the leasing agreement monthly rental is ₦500,000 and there are no escalation clauses. The lease is for a period of 5 years.

18. Intangible assets

	2015	2014
	₦'000	₦'000
Product licences		
Cost:		
At 1 January	54,369	29,596
Additions	10,960	24,774
	-----	-----
At 31 December	65,329	54,370
	-----	-----
Amorisation		
At 1 January	31,930	26,350
Charge for the year	22,383	5,580
	-----	-----
At 31 December	54,313	31,930
	-----	-----
Carrying amount	11,016	22,440
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS

19. Financial assets

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

	2015	2014
	₦'000	₦'000
Available-for-sale financial assets (a)	2,810	3,682
Loans and receivables (b)	29,484	36,702
	-----	-----
Total financial instruments	32,294	40,384
	=====	=====
a) Available-for-sale financial assets		
Quoted equity at fair value		
Zenith Bank Plc	2,810	3,682
	-----	-----
Total	2,810	3,682
	=====	=====

The company recognized a fair value loss of ₦872,000 (2014: ₦1,798,000) on available for sale quoted equity. The loss is recognized in Other Comprehensive Income

	2015	2014
	₦'000	₦'000
(b) Loans and receivables		
Investment with CardinalStone Partners		
At 1 January	36,702	31,904
Additions	411,268	-
Proceeds	(423,500)	-
Interest accrued	5,014	4,798
	-----	-----
At 31 December	29,484	36,702
	=====	=====

CardinalStone Partners Limited is the portfolio management and custodial service provider for the Company towards meeting its payment on the bond. The company on a weekly basis remits money to CardinalStone Partners Limited. CardinalStone Partners Limited is however to disburse funds on monthly basis into the transition account maintained by the Bond Trustee (ALM Trustees).

	2015	2014
	₦'000	₦'000
20. Other non –current financial asset		
ALM Trustees		
At 1 January	226,400	-
Additions	628,370	226,400
Proceeds	(398,826)	-
Accrued interest	20,773	-
	-----	-----
At 31 December	476,717	226,400
	=====	=====

ALM Trustees are the Bond Trustees for the issuance of ₦2 billion bond by Fidson (issuer). Under the bond agreement, the issuer is required to fund a reserve account with an amount equal to the interest payable on the next payment date. Thereafter, upon the expiration of the moratorium period the issuer shall fund the reserve account on the first business day of each month with an amount equal to 1/6th of the principal payable on the next payment date. The fund is investible by the Bond Trustee and the issuer is restricted from assessing the fund including the accrued interest throughout the 5 year life of the bond.

NOTES TO THE FINANCIAL STATEMENTS

	2015 N'000	2014 N'000
21. Inventories		
Finished goods	404,464	760,069
Goods in transit	6,764	6,304
Raw materials	284,837	377,531
Work- in- progress	1,437	1,636
	-----	-----
	697,502	1,145,540
	=====	=====

The cost of inventory recognised as expense and included in cost of sales amounted to N5,580,000 (2014: N72,117,000). The company did not pledge any inventory as collateral for loans.

	2015 N'000	2014 N'000
22. Trade and other receivables		
Trade receivables (Note 22a)	3,595,173	2,948,502
Other receivables (Note 22c)	184,651	238,969
	-----	-----
	3,779,824	3,187,471
	=====	=====

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

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

As at 31 December 2015, the ageing analysis of trade receivables is as follows:

22a.	←-----→				←-----→		
	Total N'000	Neither past due nor impaired		Past due but not impaired			
	< 30 days N'000	31-60 days N'000	61- 90days N'000	91-180 days N'000	180 – 360 days N'000	>360 days N'000	
2015	3,595,173	1,369,676	699,593	699,347	181,334	254,581	390,642
2014	2,948,502	1,310,756	424,872	302,146	518,749	199,931	192,048
	=====	=====	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

22. Trade and other receivables-continued

22b. As at 31 December 2015, trade receivables of an initial value of ₦433,786,000 (2014: ₦466,490,000) were impaired and provided for. See below for the movements in the provision for impairment of receivables.

	Individually impaired ₦'000	Total ₦'000
At 1 January 2015	466,490	466,490
Write back for the year	(32,704)	(32,704)
	-----	-----
At 31 December 2015	433,786	433,786
	=====	=====
At 1 January 2014	198,056	198,056
Transfer from Fidson Product Limited	26,709	26,709
Charge for the year	241,725	241,725
	-----	-----
At 31 December 2014	466,490	466,490
	=====	=====

22c. Other receivables

Withholding tax receivables (WHT)	164,042	152,113
Value added tax (VAT)	260	260
Staff advances	20,349	86,596
	-----	-----
	184,651	238,969
	=====	=====

23. Prepayment

Advance to suppliers	-	117,247
Other prepayments	12,078	-
	-----	-----
	12,078	117,247
	=====	=====

This represents advances made to suppliers for the purchase of factory equipment. Other prepayments include prepaid advert, prepaid insurance and prepaid rent.

	2015 ₦'000	2014 ₦'000
--	----------------------	----------------------

24. Cash and cash equivalents

Bank balances	103,805	172,713
Cash at hand	1	27
Short-term deposits (including demand and time deposits)	18,570	31,414
	-----	-----
Total cash and cash equivalents	122,376	204,154
	=====	=====

Short-term deposits are made for varying years of between one day and three months, depending on the immediate cash requirements of the Company and weighted average interest rate is at 2.5%.

The fair value of cash and cash equivalents approximate their fair value. Cash and cash equivalents are convertible to cash within 3 months.

NOTES TO THE FINANCIAL STATEMENTS

24. Cash and cash equivalents-continued

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

	2015	2014
	₦'000	₦'000
Bank overdraft	(442,177)	(433,640)
Cash and cash equivalents	122,376	204,154
	-----	-----
	(319,801)	(229,486)
	-----	-----

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Bank overdraft represents the outstanding commitment on short-term borrowings for working capital management. The bank overdrafts are secured against mortgage debenture held by a trustee. The lenders are Access Bank, Guaranty Trust bank, FCMB and UBA. The interest on the overdraft ranges from 18 – 21%.

	2015	2014
	₦'000	₦'000
25. Interest Bearing Loans and borrowings		
(Non-current portion)		
Access Bank (CBN Intervention Loan) (Note 25a)	175,003	212,736
Bank of Industry ('BOI') (Note 25b)	846,309	829,683
Bond to investors (Note 25c)	1,467,188	1,694,108
Fidelity Bank (Note 25d)	111,718	128,706
	-----	-----
	2,600,218	2,865,233
	=====	=====
(Current portion)		
Access Bank (CBN Intervention Loan) (Note 25a)	37,733	35,816
Bank of Industry ('BOI') (Note 25b)	174,846	209,170
Bond to investors (Note 25d)	476,920	228,135
Fidelity Bank (Note 25d)	22,583	38,241
Short term borrowings (Note 25e)	445,659	649,855
	-----	-----
	1,157,741	1,161,217
	=====	=====

25a. Access Bank loan is a ₦525million Central Bank of Nigeria (CBN) intervention loan granted to Fidson Healthcare Plc at 7% for 180 months. A fair value of the loan was obtained using estimated market rate of 18%. The difference between the loan rate and market rate accounted for a grant element of ₦161m which has been recognised as government grant and will be recognised over the duration of the loan. The loan was granted in 2010 for the production of drugs and pharmaceutical products and the condition is that the Company must be a member of the Manufacturers Association of Nigeria (MAN), also there is periodic visit by the bank officers.

25b. The BOI loan is a ₦1.287billion loan granted at 10% for 72 months for the establishment of an intravenous fluid and Small Volume Parenterals (SVP) plant and the condition is that the Company must be a member of the Manufacturers Association of Nigeria. A fair value of the loan was obtained using estimated market rate of 18%. The difference between the loan rate and market rate accounted for a grant element of ₦299m. This was recognised as government grant and will be recognised in profit or loss over the duration of the loan. The loan was granted in 2011 with a moratorium of 2 years. During the year the loan was restructured and moratorium extended by 9 months.

NOTES TO THE FINANCIAL STATEMENTS

25. Interest Bearing Loans and borrowings-continued

25c. This is a ₦2 billion bond issued to investors on 7 November 2015. 2,000,000 units were issued at a par value of ₦1,000/unit at a coupon rate of 15.5% and tenor of 5 years with a moratorium of 12 months. The bond money was used to refinance the then existing Guaranty Trust Bank Plc and First City Monument Bank Plc debt and the balance used for working capital purpose. The bond is secured on the Company's Mortgage Debenture and all asset debenture managed by ALM Consulting.

The Issuing House is CardinalStone Partners Limited and the Bond Trustee is ALM Consulting Limited.

25d. The Fidelity Bank loan is a liability inherited from Fidson Product Limited upon its liquidation in October 2014. It is ₦300 million CBN intervention loan granted to Fidson Product Ltd at 7% for 180 months. A fair value of the loan was obtained using estimated market rate of 18%. The difference between the loan rate and market rate accounted for a grant element of ₦82m which has been recognised as Government grant and will be recognised over the duration of the loan. The loan was granted in 2010 for the production diapers and paper products.

Refer to Note 36 on details of collateral.

Short-term borrowings in above are current and are expected to be settled within 12 months of the reporting date. The loan is from Guaranty Trust Bank & Access Bank with an Interest rate of 20%. The security on the borrowing is tripartite legal mortgage over the property.

The carrying value of short term borrowings approximates their fair value due to the short-term nature and the fact that there were no material movement in market rates since the inception of the loans

26. Obligation under finance lease

The company has entered into commercial leases on certain motor vehicles. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

	2015		2014	
	Minimum Lease payment	Present value of minimum lease payments	Minimum Lease payment	Present value of minimum lease payments
	₦ '000	₦ '000	₦ '000	₦ '000
Not later than one year	245,120	218,435	215,825	191,831
Later than one year and not later than five years	277,239	161,698	184,899	127,012
Less amounts representing finance charges	(142,226)	-	(81,881)	-
	-----	-----	-----	-----
	380,133	380,133	318,843	318,843
	=====	=====	=====	=====

Finance lease on motor vehicles and equipment amounting to ₦210 million was obtained in the year under review.

NOTES TO THE FINANCIAL STATEMENTS

27. **Retirement benefit obligations**

The company discontinued its defined benefit scheme (gratuity) from 1 January 2014. The scheme was non-contributory and was classified as other employment benefits in line with IAS 19.

Net benefit expense (recognised in administrative expenses)

	2015	2014
	₦'000	₦'000
Current service cost	-	-
Interest cost on benefit obligation	57,322	57,027
Plan amendment	-	(165,967)
	-----	-----
Net benefit expense	57,322	(108,940)
	-----	-----
Defined Benefit liability	377,776	391,801
	=====	=====

Changes in the present value of the defined benefit obligation are as follows:

	2015	2014
	₦'000	₦'000
Defined benefit obligation at 1 January	391,801	582,830
Interest cost	57,322	57,027
Current service cost	-	-
Plan amendment	-	(165,967)
Benefits paid	(14,145)	(25,062)
Re-measurement -Actuarial gain on obligation (experience adjustment)	(57,202)	(57,027)
	-----	-----
Defined benefit obligation at 31 December	377,776	391,801
	=====	=====

The valuation assumptions used in determining retirement benefit obligations for the plans are shown below:

**Financial Assumptions
(Long Term Average)**

	2015	2014
	%	%
Discount Rate (p.a)	12	15
Average Pay Increase (p.a)	N/A	N/A
Average Rate of Inflation (p.a)	9	9
Rate of future Interest Credit(p.a)	15	15

Sensitivity Analysis on Accrued Liability

		Accrued Liability
		₦'000
Base		377,776
Discount rate	+1%	377,776
Discount rate	-1%	(377,776)
Age rated up to 1 year		377,776
Mortality rate		
Age rated down by 1 year		(377,776)

NOTES TO THE FINANCIAL STATEMENTS

27. Retirement benefit obligations-continued

**Demographic Assumptions
Mortality in Service**

(Sample Ages)	Number of deaths in the year out of 10,000 lives	
	2015	2014
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26
Withdrawal from Service		
(Age Band)	2015	Rate 2014
	%	%
Less than or equal to 30	7.5%	2.5
31 – 39	6.0%	1.5
40 – 44	5.0%	1.0
45 – 60	3.0%	0.0

The discount rate is determined on the Company's reporting date by reference to market yields on high quality Government bonds. The discount rate should reflect the duration of the liabilities of the benefit programme.

The company has a medium term strategy of increasing salaries to reflect inflation, the actuaries prudently allowed for 1% margin for 2015.

The mortality base table used for the scheme is A67/70 Ultimate Tables, published jointly by the Institute and Faculty of actuaries in the UK.

The table below shows the maturity profile of defined benefit obligation:

	2015 £'000	2014 £'000
Within the next 12 months (next annual reporting period)	101,001	19,303
Between 2 and 5 years	63,736	174,195
Between 5 and 10 years	232,334	158,420
Beyond 10 years	1,028,440	2,131,000
Total expected payments	1,425,511	2,484,918

The weighted average duration of the defined benefit plan obligation is 8.66 years.

NOTES TO THE FINANCIAL STATEMENTS

28. Government grant

	2015	2014
	₦'000	₦'000
At 1 January	319,124	254,830
Transfer from Fidson Product Limited	-	82,809
Released to profit or loss (Note 8)	(45,651)	(18,515)
	-----	-----
At 31 December	273,473	319,124
	=====	=====
Current	60,782	57,532
Non-current	212,691	261,592
	-----	-----
	273,473	319,124
	=====	=====

This represents the grant elements of the Central Bank of Nigeria intervention loans, after the loans were re-measured using the effective interest rate. The government grants have been recognised in the statement of financial position and are being amortised through the profit or loss on a systematic basis over the tenure of the loans.

	2015	2014
	₦'000	₦'000
29. Deferred revenue		
At 1 January	-	-
Deferred rent recognized	7,000	-
	-----	-----
At 31 December	7,000	-
	=====	=====
Current	2,000	-
Non-current	5,000	-
	-----	-----
	7,000	-
	=====	=====

This represents deferred rental income from an insignificant portion of the Company's building held to earn rentals.

	2015	2014
	₦'000	₦'000
30. Trade and other payables		
Trade payables	1,697,058	1,525,727
Accruals	1,086,925	938,930
Other payables (Note 30a)	499,638	588,665
Payables to other shareholders of Fidson Product Limited	928,589	726,297
	-----	-----
	4,212,210	3,779,619
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

30. Trade and other payables-continued

	2015 ₦'000	2014 ₦'000
30a. Other payables		
Other creditors	407,458	472,230
Withholding tax (WHT)	67,319	67,583
Nigeria Social Insurance Trust Fund (NSITF)	12,127	11,928
Payable to the Directors	12,734	27,581
Pay as you earn (PAYE)	-	9,343
	-----	-----
	499,638	588,665
	=====	=====

Other creditors include accruals for other short term debts.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other creditors are non-interest bearing and have an average term of six months. ,

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

	2015 ₦'000	2014 ₦'000
31. Other current financial liabilities		
Commercial paper	65,000	65,000
	=====	=====

The ₦65 million commercial paper is unsecured short-term debt obtained from a non-bank financial institution for working capital support. It has a maturity of 90 days with a roll over option and interest rate of 17%. The fair value of the commercial paper is as stated.

	2015 ₦'000	2014 ₦'000
32. Dividend		
Dividends paid and proposed		
Declared	225,000	150,000
Paid during the year:	(225,000)	(150,000)
	-----	-----
Balance unpaid.	-	-
	-----	-----
Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December)		
Dividends on ordinary shares:		
Proposed dividend for 2015: 0.05k per share (2014: 0.15K per share)	75,000	225,000
	=====	=====
32a Unclaimed dividend		
Unclaimed dividend	47,211	-
	-----	-----
	47,211	-
	=====	=====

Unclaimed dividend relates to dividend paid in the prior which was returned by the registrar as they remained unclaimed by the beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS

33. Share capital and reserves

Authorised and issued share capital:

Authorised share capital		
1,500,000,000 ordinary shares		
of 50k each	750,000	750,000
	=====	=====
Issued and fully paid:		
1,500,000,000 ordinary shares		
of 50k each	750,000	750,000
	=====	=====

34. Share premium

2,973,043	2,973,043
=====	=====

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

Share premium arose as a result of premium paid on increase in share capital of 50k from 200,000,000 to 1,500,000,000 ordinary shares in November 2007

35. Available for sale reserve

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

	2015	2014
	₦ '000	₦ '000
At 1 January	(763)	1,035
Other Comprehensive income for the year, net	(872)	(1,798)
	-----	-----
At 31 December	(1,635)	(763)
	=====	=====

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

36. Guarantees and other financial commitments

a) Capital expenditure

The company has proposed ₦195 million for capital expenditure for 2016 financial year as follows:

Contracted for:	₦25 million
Not contracted for:	₦170 million

b) Financial commitments

The directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of the financial statement under review. These liabilities are relevant in assessing the Company's financial position and performance.

NOTES TO THE FINANCIAL STATEMENTS

36. Guarantees and other financial commitments

c) Security of facilities

The bank loans and overdrafts are secured principally by a legal mortgage over some of the Company's land and buildings, debenture on the Company's assets, lien on shipping documents of goods imported, personal guarantee of Dr. Fidelis A. Ayebae and joint and several guarantees of the Directors of Fidson Healthcare Plc. The mortgage debenture is on the land, building, plant and machinery of Fidson Healthcare Plc (including plant and machinery of the biotech factory located at Veepee Avenue, Otta Industrial Estate, Ogun State. The carrying amounts of the assets are ₦11.7billion at 31 December 2015.

d) Security on bond

The bond is secured principally by a legal mortgage over some of the Company's land and buildings and debenture on the Company's assets. The mortgage debenture is on the assets, land, building, plant and machinery of Fidson Healthcare Plc (including plant and machinery of the biotech factory located at Veepee Avenue, Otta Industrial Estate, Ogun State. The carrying amounts of the assets are ₦11.5 billion

37. Contingent liabilities

The company had no contingent liabilities as at 31 December 2015 (31 December 2014 - Nil).

38. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for during the financial year.

Related party	Nature of transaction	Amount owed	
		by/(owed to)	by/(owed to)
Fidson Product Ltd		31 Dec 2015	31 Dec 2014
		₦'000	₦'000
At 1 January	-	-	725,165
Transaction entered into with related parties during the year	Payments for materials	-	32,299
Elimination of balance on liquidation of associate	-	-	(757,464)
At 31 December		----- =====	----- =====

Terms and conditions of transactions with related parties

As at 31 December 2014, the receivables balance due from Fidson Product Limited was realized as a result of liquidation of the Associate.

NOTES TO THE FINANCIAL STATEMENTS

38. Related party transactions-continued

Terms and conditions of transactions with related parties

As at 31 December 2014, the receivables balance due from Fidson Product Limited was realized as a result of liquidation of the Associate.

Compensation of Key Management Personnel

	2015	2014
	₦'000	₦'000
Short-term employee benefits	67,660	87,394
Post-employment benefits	2,775	3,144
	-----	-----
Total compensation paid to key management personnel	70,435	90,538
	=====	=====

The number of Directors (including the chairman) that received fees and other emolument in the following ranges was:

	2015	2014
	Numbers	Numbers
N1,000,000 to N10,000,000	5	5
N10,000,001 to N20,000,000	2	2
N20,000,001 and above	1	1
	----	----
	8	8
	==	==
	₦'000	₦'000
Highest paid Director	35	35

39. Information relating to employees

The number of employees in respect of emoluments within the following ranges were:

	2015	2014
	Numbers	Numbers
Less than 50,000	56	54
500,001 - 1,000,000	119	139
1,000,001- 1,500,000	63	67
1,500,001 -2,000,000	73	84
2,000,001 -2,500,000	37	38
2,500,001 -3,000,000	3	8
3,000,001 and above	56	51
	----	----
	407	441
	====	====

NOTES TO THE FINANCIAL STATEMENTS

39. Information relating to employees-continued

	2015	2014
	Numbers	Numbers
39.1 Staff		
The average numbers of persons employed were as follows:		
Management Staff	10	11
Marketing	178	176
Production	122	147
Operation	46	47
Finance and Admin	51	60
	-----	-----
	407	441
	===	===

40. Segment information

For management purposes, the performance of the business is assessed along product classes. Two of the Company's products have been identified as reportable segments for the purpose of IFRS 8. However, information for the product classes is only maintained at the revenue and cost of sales level. Financing and Income taxes are reported Company wide.

There is no single external customer whose transaction amount to 10% or more of the entity's revenues. Revenue for over the counter product accounts for 64% of total revenue, while Ethical product accounts for 34%. Revenue from Lagos region accounts for over 28% of the total revenue. The Executive Management Committee monitors the operating results of the whole business for the purpose of making decisions about resource allocation and performance assessment.

The summary below shows the revenue and cost of sales information made available to the Executive management committee:

	₦'000	₦'000
	2015	2014
Revenue:		
Consumer	152,653	-
Ethical	2,774,703	3,668,392
Over The Counter	5,283,404	6,050,793
	-----	-----
Total Revenue	8,210,760	9,719,185
	=====	=====
Cost of Sales		
Consumer	113,507	-
Ethical	1,299,073	1,621,953
OTC	2,446,316	2,663,643
	-----	-----
Total cost of sales	3,858,896	4,285,596
	=====	=====

None of the major customers of the Company account for up to 10% of total revenue.

41. Financial instruments risk management objectives and policies

The company deploys a number of financial instruments (financial assets and financial liabilities) in carrying out its activities. The key financial liabilities, of the Company comprise bank borrowings, trade payables and finance leases which are deployed purposely to finance the Company's operations and to provide liquidity to support the Company's operations. The financial assets of the Company include available-for-sale investments, loans and receivables, trade receivables, and cash and short-term deposits also necessarily required for the operations of the Company.

NOTES TO THE FINANCIAL STATEMENTS

41. Financial instrument's risk management objectives and policies- continued

The principal risks that Fidson Healthcare Plc is exposed to as a result of holding the above financial instruments include market risk, credit risk and liquidity risk. The senior management of the Company oversees the management of these risks through the establishment of adequate risk management framework with appropriate approval process, internal control and authority limits. Thus, the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with those policies. The Board of Directors which is responsible for the overall risk management of the Company reviews and agrees on policies for managing each of these risks inherent in its involvement in financial instruments and operations are as 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, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, trade payables, available-for-sale investments, finance lease obligations, cash and cash equivalents, bank overdraft, finance lease obligation and held to maturity investments.

Currency risk

Management has set up a policy requiring the Company to manage their foreign exchange risk against their functional currency. The company is required to manage its entire foreign exchange risk exposure with the Company finance. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company ensures that significant transactions are contracted in the country's functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. However, the Company is currently not exposed to significant foreign exchange risk as most of its transactions are denominated in its functional currency, which is the Nigerian Naira.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company does not carry debt at fair value neither does it have any floating rate exposure.

Equity price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Fidson Healthcare Plc has a price risk in relation to its available for sale investments. This is because the investments are traded in an active market and are subject to price fluctuation.

At the reporting date, the exposure to listed equity securities at fair value was ₦2,810,000 (2014 ₦3,862,000). A decrease of 10% on the Nigerian Stock Exchange could have an impact of approximately ₦281,000 (2014: ₦386,200) on the income or equity attributable to the Company, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity, but would not have an effect on the profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The sources of the Company's credit risk include trade receivables, receivable from related parties and deposits with banks and financial institutions. See Note 22a for analysis of the age of financial assets that are past due as at the end of the reporting year but not impaired the credit risk of the Company is unsecured. The maximum exposure to credit risk for the components of the statement of financial position at 31 December 2015 is the carrying amounts as shown in Note 22a. Refer to Note 25 for the maximum risk of Banks and financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

41. Financial instrument's risk management objectives and policies-continued

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions as well as deposit with ALM Trustees is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counter party's potential failure to make payment

Trade receivables

Customer credit risk is managed by credit managers and management as a whole subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Staff advance are also secured by employee salaries and deductions are made at source. Receivable from related party is managed by the management subject to the Company's established policy, procedures and control relating to credit risk management.

Outstanding customer receivables are regularly monitored and any deliveries to major customers are generally covered by valid customer order. Customer backgrounds are studied to avoid concentration risk. The company evaluates the concentration of risk with respect to trade receivables as low.

Balances with banks and financial institutions

Credit risk from balances with banks and financial institutions is managed by the Managing Director in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The policies are set and reviewed by the Board annually.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to pay its obligations when they fall due. The company monitors its risk to a shortage of funds using a recurring liquidity planning and continuous budget tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Board of Directors defines the Company's liquidity policy annually.

NOTES TO THE FINANCIAL STATEMENTS

41. Financial instrument's risk management objectives and policies
As at 31 December 2015

	Contractual undiscounted cash flows N'000	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Carrying value N'000
Interest bearing loans & borrowing (non- current)	3,368,598	-	-	-	3,368,598	2,600,218
Trade payables	1,697,058		952,635	744,423	-	1,697,058
Bank overdraft	442,177	442,177	-	-	-	442,177
Other financial liabilities	65,000		65,000		-	65,000
Interest bearing loans and borrowing (current)	1,228,095	-	-	1,228,095	-	1,157,741
Finance lease	522,359			245,120	277,239	380,133
	<u>7,487,288</u>	<u>442,177</u>	<u>1,017,635</u>	<u>2,217,638</u>	<u>3,645,837</u>	<u>6,342,327</u>

As at 31 December 2014

	Contractual undiscounted cash flows N'000	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Carrying value N'000
Interest bearing loans & borrowing (non-current)	4,348,306	-	-	-	4,348,306	2,865,233
Trade payables	1,525,727		915,436	610,291	-	1,525,727
Bank overdraft	433,640	433,640	-	-	-	433,640
Other financial liabilities	65,000	-	65,000	-	-	65,000
Interest bearing loans and borrowing (current)	1,966,822	-	-	1,966,822	-	1,161,217
Finance lease	400,724	-	-	215,825	184,899	318,843
	<u>8,740,219</u>	<u>433,640</u>	<u>980,436</u>	<u>2,792,938</u>	<u>4,533,205</u>	<u>6,369,660</u>

NOTES TO THE FINANCIAL STATEMENTS

42a Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

	Carrying values		Fair Values	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Loans and other receivables	29,484	36,702	29,484	36,702
Trade receivables	3,595,173	2,948,502	3,595,173	2,948,502
Cash and bank	122,376	204,154	122,376	204,154
Available for sale	2,810	3,682	2,810	3,682
Other non-current financial asset	476,717	226,400	476,717	226,400
Total	4,226,560	3,419,440	4,226,560	3,419,440
Financial liabilities				
Interest-bearing loans and borrowings	2,600,218	2,865,233	1,409,673	1,857,910
Short-term borrowing	1,157,741	1,161,217	803,528	1,685,264
Bank Overdraft	442,177	433,640	442,177	433,640
Finance Lease	380,133	318,843	522,359	400,724
Trade and other payables	4,212,210	3,779,619	4,212,210	3,779,619
Total	8,792,479	8,558,552	7,389,947	8,157,157

42b Determination of fair value and fair value hierarchy

As at 31 December 2015 the Company held some financial instruments carried at fair value on the statement of financial position. The company uses the following hierarchy for determining and disclosing the fair value of non-financial assets by valuation technique:

Level 1: quote prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Available-for-sale investment – quoted equity shares

The company has investments in listed equity securities. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

NOTES TO THE FINANCIAL STATEMENTS

42b Determination of fair value and fair value hierarchy-continued

	Date of valuation	Level 1 K'000	Level 2 K'000	Level 3 K'000
Assets measured at fair value:				
Available-for-sale financial assets:				
(Note 19)				
	31 December 2015	2,810	-	-
	31 December 2014	3,682	-	-
Assets for which fair values have been disclosed:				
Investment property (Note 17)				
	31 December 2015	-	-	329,100
	31 December 2014	-	-	350,000
Interest bearing loans and borrowings- Non current (Note 42a)				
	31 December 2015	-	1,409,673	-
	31 December 2014	-	1,857,910	-
Interest bearing loans-current (Note 42a)				
	31 December 2015	-	803,528	-
	31 December 2014	-	1,685,264	-
Finance Lease (Note 26)				
	31 December 2015	-	522,359	-
	31 December 2014	-	400,724	-

There have been no transfers between Level 1 and Level 2 during the period. Interest bearing loan and borrowings are evaluated by the Company based on parameters such as interest rates that reflects market risk characteristics at the measurement date.

The fair value of the loans and borrowing are determined based on DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

43. Capital Management

Capital includes issued share capital, share premium, retained earnings and other reserves in the statement of financial position. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2015 and year ended 31 December 2014.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company's policy is to keep the gearing ratio between 45% and 60%. The company includes within net debt interest bearing loans and borrowings, trade and other payables, and cash and short-term deposits.

NOTES TO THE FINANCIAL STATEMENTS

43. Capital Management-continued

	2015	2014
	₦ '000	₦ '000
Interest bearing loans and borrowings	3,757,959	4,026,450
Trade and other payables	4,212,210	3,779,619
Overdraft	442,177	433,640
	-----	-----
Less: Cash and bank balances	(122,376)	(204,154)
	-----	-----
Net debt	8,289,970	8,035,555
	-----	-----
Capital - Equity	6,141,422	5,765,281
	-----	-----
Capital and net debt	14,431,392	13,800,836
	=====	=====
Capital and net debt	57%	58%
	====	====

44. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date. The following reflects the income and share data used in the basic earnings per share computations:

	2015	2014
	₦'000	₦'000
Net profit attributable to ordinary shareholders	744,378	631,825
Weighted average number of ordinary shares	1,500,000	1,500,000
	-----	-----
Basic earnings per ordinary share	0.50k	0.42k
	====	====

There was no dilutive effect of ordinary shares during the reporting and the comparative years.

45. Events after the reporting period

No event or transaction has occurred since the reporting date which would have a material effect on these financial statements or which would need to be disclosed in the financial statements.

FIDSON HEALTHCARE PLC

VALUE ADDED STATEMENT

	2015		2014	
	₦000		₦000	
Revenue	8,210,760		9,719,185	
Other operating income	94,264		86,539	
Finance income	38,675		4,798	
Bought in goods and services				
- Imported	(3,930,049)		(4,979,441)	
- Local	(1,965,024)		(2,489,720)	
	-----		-----	
Value added	2,448,626		2,341,361	
	=====		=====	
Applied as follows:				
To employees:		%		%
Salaries and other benefits	611,401	25	649,272	28
To Government:				
Income tax	220,804	9	113,631	5
To pay providers of capital:				
Bank interest	716,958	29	554,494	24
To provide for replacement of assets and expansion of business:				
- Depreciation and amortization	282,228	12	266,783	11
- Deferred taxation	(127,143)	(5)	125,356	5
- Retain profit	744,378	30	631,825	27
	-----		-----	
	2,448,626	100	2,341,361	100
	=====	===	=====	===

The value added represents the wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, providers of finance, government and that retained for the future creation of more wealth.

FIDSON HEALTHCARE PLC

FIVE-YEAR FINANCIAL SUMMARY

	2015	2014	2013	2012	2011
	₦'000	₦'000	₦'000	₦'000	₦'000
Non-current assets					
Property, plant and equipment	11,501,335	10,790,758	7,043,474	4,679,359	3,447,601
Investment property	37,183	38,100	39,019	39,936	40,854
Intangible assets	11,016	22,440	3,245	2,192	5,417
Loans and other receivables	29,484	36,702	31,904	27,986	25,484
Available for sale	2,810	3,682	102,480	1,260,965	2,058,746
Investment in associate		-	253,268	-	-
Other non-current financial assets	476,717	226,400	-	-	-
Net current (liabilities)/ assets	(2,034,767)	(1,254,614)	655,552	2,197,955	2,039,311
	-----	-----	-----	-----	-----
	10,023,778	9,863,468	8,128,942	8,208,393	7,617,413
Interest bearing loans and borrowings – non-current	(2,600,218)	(2,865,233)	(1,408,079)	(1,840,907)	(1,436,480)
Obligation under finance lease	(161,698)	(127,012)	(371,036)	(103,793)	(86,273)
Staff retirement benefits	(377,776)	(391,801)	(582,830)	(516,009)	(390,320)
Government grant	(212,691)	(261,592)	(211,577)	(298,083)	(299,594)
Deferred revenue	(5,000)	-	-	-	-
Deferred taxation	(342,567)	(452,549)	(310,085)	(221,165)	(214,369)
	-----	-----	-----	-----	-----
	6,323,828	5,765,281	5,245,335	5,228,436	5,190,377
	=====	=====	=====	=====	=====
Financed by:					
Share capital	750,000	750,000	750,000	750,000	750,000
Share Premium	2,973,043	2,973,043	2,973,043	2,973,043	2,973,043
Retained earnings	2,602,420	2,043,001	1,521,257	1,505,465	1,468,429
Available for sale reserve	(1,635)	(763)	1,035	(72)	(1,095)
	-----	-----	-----	-----	-----
	6,323,828	5,765,281	5,245,335	5,228,436	5,190,377
	=====	=====	=====	=====	=====
	2015	2014	2013	2012	2011
	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	8,210,760	9,719,185	9,235,056	7,168,939	7,127,853
	=====	=====	=====	=====	=====
Profit before taxation	838,039	870,812	249,591	540,080,	214,264
Profit for the year	744,378	631,825	154,980	206,889	55,590
Dividend	75,000	225,000	150,000	180,000	150,000
	=====	=====	=====	=====	=====
Per Share Data					
Earnings per share (kobo)	50	42	10	10	31
Dividend per share (kobo)	5	10	12	10	
Net assets per share (kobo)	422	384	350	349	346
	====	====	====	====	====